mination of the charges is set forth in the most general terms, it appears that the amount of the charges would vary from time to time in accordance with changes in operation.

The administrative requirements for making such determinations are difficult to estimate. Certainly a considerable number of personnel would have to be added to the Federal Power Commission staff in order to administer the proposed law. I hope the subcommittee will develop that point fully during the hearings.

Other provisions of the bill would seem to require a payment by one federally owned project to another also owned by the Federal Government. A determination of the amount of annual charges is required, even among the several projects owned and operated by the same Federal agency, and even though no actual payments would have to be made. Substantial expenditures would be required for making such determinations, together with the additional expense of complicated accounting adjustments. No useful purpose whatsoever would be served. In many instances, one Federal agency has constructed a series of hydroelectric power projects in accordance with an overall development plan for a river system. What possible purpose could be served by seeking to compute the monetary benefits accruing to each of these projects as a result of the existence of the other? Who is to say which projects, and to what extent each project shall share the benefits accruing from the construction and operation of the extreme up-river project? Does the extreme up-river project provide benefits for the extreme down-river projects even if there may be 6 or 8 projects in between?

In my opinion, an effort to make such determinations would serve no useful purpose and would constitute a waste of the taxpayers' money.

As I have previously indicated, the proponents of this legislation insist that they seek only to have imposed upon federally owned projects the same burden which they themselves now have to bear. In this connection, I am informed that the existing statute has been invoked only upon those occasions when a privately owned project initiated action to compel payment from another privately owned project located downstream therefrom. The Federal Government has never collected a cent from private concerns through operation of the existing law.

Mr. Chairman, in examining S. 3434, I have not restricted myself to looking at it as an isolated bill. It appears to me to be another piece in the developing pattern of administration power policy—a policy apparently dedicated to the eradication of further power facility development—a policy apparently designed to favor private utilities. Already a number of specific proposals are before the Congress. Many of these would alter fundamentally a public power policy which has worked very well over many years. Important among these proposals is a bill to amend the Holding Company Act, exempting certain types of power companies from its provisions, and H. R. 8862, the amendment to the Atomic Energy Act which opens the use of the public's great new energy resource to private development without any of the safeguards of the Federal power policy.

Also before the Congress are bills which revise previous policy on construction and operation of such projects as the Hoover Dam, the John Day project, the Priest Rapids project, and the Coosa River projects in Alabama and Georgia.

Mr. Chairman, I believe that the effect of all of these bills together would be to alter fundamentally our Federal power policy. I believe this hearing should be held up and all these proposals should be brought together in one comprehensive hearing so that the changes may be considered together. Broader hearings should be held so that the interplay of these various proposals, each upon the other, may be considered and so that full public understanding of the intent and ultimate effect of these proposals may be promoted. I believe it is unwise to attempt to resolve arguments around S. 3434 without taking into consideration other proposed changes in Federal power policy.

Though proposed with the label of equity, I hold the bill neither equitable nor fair nor in the public interest.

SENATE

FRIDAY, MAY 28, 1954

(Legislative day of Thursday, May 13, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of all hope, we bless Thee for the cleansing ministry of memory and for the rich heritage of noble deeds. Look upon us in mercy as our Nation, founded in Thy name, turns to its stirring past and to its warrior dead. In the flowering splendor of Maytime's garden, even as bugles are sounding to new tests and decisions for liberty's cause, prepare our hearts and minds for the sacramental journey to quiet cities of the dead, where, under their tents of green, sleep those whose lives were offered as freedom's shield. Save us from decorating tombs and at the same time desecrating the costly heritage which it takes graves to guarantee.

As this day the representatives of this dear land of liberty greet the brave and enlightened monarch of an ancient people across the seas, may our hearts thrill with the realization that all, under whatever sky, who acknowledge the dignity of humanity and who struggle toward the shining goals of more abundant life, are our kinsmen and comrades. Together may we yet build the new world for which good men have bravely died, wherein all nations may live together in trust and fellowship. In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 27, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On May 25, 1954:

S. 2305. An act to promote safe driving, to eliminate the reckless and financially irresponsible driver from the highways, and to provide for the giving of security and proof of financial responsibility by persons driving or owning vehicles of a type subject to registration under the laws of the District of Columbia.

On May 27, 1954:

S. 2120. An act to authorize the Maine-New Hampshire Interstate Bridge Authority to reconstruct and improve the toll bridge, and the approaches thereto, across the Piscataqua River at Portsmouth, N. H.

On May 28, 1954:

S. J. Res. 69. Joint resolution requiring the preparation of an estimate of the cost of reconstructing Ford's Theater in Washington, District of Columbia.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 238) authorizing the Clerk of the House to make a correction in the enrollment of the bill (H. R. 3704) to provide for the incorporation, regulation, merger, consolidation, and dissolution of certain business corporations in the District of Columbia, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 232. An act to provide for the conveyance to the State of Indiana of certain surplus real property situated in Marion County, Ind.;

H. R. 2512. An act to amend the act entitled "An act to provide for the purchase of public lands for home and other sites," approved June 1, 1938 (52 Stat. 609), as amended; and

H. R. 6452. An act for the relief of Mrs. Josette L. St. Marie.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

INTERNATIONAL LABOR ORGANIZATION RECOMMENDATIONS RELATING TO COLLECTIVE AGREEMENTS AND VOLUNTARY CONCILIATION AND ARBITRATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 406)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and with the accompanying papers, referred to the Committee on Labor and Public Welfare.

(For President's message, see today's proceedings of the House of Representatives.)

CONVENTION ADOPTED BY INTERNATIONAL LABOR ORGANIZATION RELATING TO MINIMUM STANDARDS OF SOCIAL SECURITY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 407)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and with the accompanying papers, referred to the Committee on Labor and Public Welfare.

(For President's message, see today's proceedings of the House of Representatives.)

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

CARRYING OF FIREARMS BY CERTAIN OFFICERS AND EMPLOYEES OF STATE DEPARTMENT

A letter from the Secretary of State, transmitting a draft of proposed legislation to authorize certain officers and employees of the Department of State and the Foreign Service of the United States to carry firearms (with an accompanying paper); to the Committee on Foreign Relations.

RELIEF OF CERTAIN MEMBERS OF ARMED FORCES

A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation to provide for the relief of certain members of the Armed Forces who were required to pay certain transportation charges covering shipment of their household goods and personal effects upon return from overseas, and for other purposes (with an accompanying paper); to the Committee on Armed Services.

THE NATCHEZ TRIBE OF INDIANS ET AL. *v.* THE UNITED STATES

A letter from the chief examiner, Indian Claims Commission, Washington, D. C., transmitting, pursuant to law, a copy of that Commission's order of dismissal of the petition in the case of The Natchez Tribe of Indians, and Wahlanetah Scott, Nancy Raven, members of said tribe of Indians, and for the use and benefit of all members of said *Natchez Tribe of Indians, claimants,* v. *The United States of America, claimee* (with an accompanying paper); to the Committee on Interior and Insular Affairs.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of the State of New Jersey; to the Committee on Finance:

"Joint Resolution 6

"Joint resolution memorializing the Congress of the United States to return to the State of New Jersey and other States sufficient moneys from taxes raised in the various States for the administration of employment security and to provide adequately for administration of the employment security program in the State of New Jersey and the other States

"Whereas the 1953 session of the New Jersey Legislature at a special session found it necessary to appropriate State moneys in the amount of $500,000 to relieve the mounting difficulties encountered in the handling of unemployment insurance claims caused by severe budget reductions at the Federal level; and

"Whereas there are approximately 95,000 New Jersey workers now unemployed and seeking unemployment insurance benefits and benefit payments are the highest in 4 years; and

"Whereas under the provisions of the Federal Unemployment Tax Act (title IX of the Social Security Act) the Federal Government has collected by taxation in the State of New Jersey from 1938 to 1953 approximately $50 million above the amount actually appropriated and expended for the administration of the Unemployment Compensation Law of New Jersey; and

"Whereas moneys appropriated and allocated by the Federal Government from taxes raised in New Jersey under the Federal Unemployment Tax Act (title IX of the Social Security Act) have over the years been insufficient for proper and adequate administration of the State's employment security program, resulting in delays in payments to claimants and the curtailment of services to employers, thus weakening the effectiveness of the unemployment insurance and State employment service programs: Therefore be it

"Resolved by the Senate and General Assembly of the State of New Jersey:

"1. That the Congress of the United States be requested to enact legislation providing supplemental funds for New Jersey and other States distressed by the lack of adequate administrative funds for the fiscal year ending June 30, 1954, and thus enabling the State of New Jersey to preserve State moneys in the amount of $500,000 appropriated by the 1953 legislature as an emergency measure.

"2. That the Congress of the United States be requested to enact legislation assuring an adequate grant of funds to the State of New Jersey and other States for the proper and efficient administration of the employment security laws for the fiscal period July 1, 1954, to June 30, 1955.

"3. That the Congress of the United States be requested to enact basic amendments assuring all State employment security agencies of adequate annual amounts for proper administration of their laws, the sums to be payable from the taxes raised by the Federal Government under the Federal Unemployment Tax Act.

"4. That the Congress of the United States be requested to earmark Federal Unemployment Tax Act collections for employment security purposes, instead of permitting the Federal Government to retain a substantial portion of such taxes while larger industrial States, such as New Jersey, experience annually reductions by the Federal administrative agencies of the amount of funds deemed necessary for the proper administration of the State employment security programs.

"5. *Be it further resolved,* That the secretary of state is directed forthwith to forward copies of this resolution to the Presiding Officer of the United States Senate, the Speaker of the House of Representatives, the chairmen of the Senate and House of Representatives Committees on Appropriations, the chairman of the Senate Committee on Finance and to the Members of the Congress from the State of New Jersey.

"6. This joint resolution shall take effect immediately."

Resolutions of the General Court of the Commonwealth of Massachusetts; ordered to lie on the table:

"Resolutions memorializing the Congress of the United States in favor of the adoption of the resolution to add the words 'under God' to the pledge of allegiance to the flag

"Whereas there is now pending before Congress Senate Joint Resolution No. 126 to add the words 'under God' used by Abraham Lincoln in his Gettysburg Address, to the pledge of allegiance to the flag; and

"Whereas in submitting the resolution Senator HOMER FERGUSON, of Michigan, made this significant statement:

" 'I believe this modification of the pledge is important because it highlights one of the real fundamental differences between the free world and the Communist world, namely, belief in God.

" 'Our Nation is founded on a fundamental belief in God, and the first and most important reason for the existence of our Government is to protect the God-given rights of our citizens.

" 'Communism, on the contrary, rejects the very existence of God.

" 'Spiritual values are every bit as important to the defense and safety of our Nation as are military and economic values.

" 'America must be defended by the spiritual values which exist in the hearts and souls of the American people. Our country cannot be defended by ships, planes, and guns alone': Therefore be it

"Resolved, That the General Court of Massachusetts hereby memorializes the Congress of the United States to adopt Senate Joint Resolution 126; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the State secretary to the President of the United States, to the presiding officer of each branch of Congress, and to the Members thereof from this Commonwealth."

A letter from the coordinator, office of civil defense, Commonwealth of Virginia, Richmond, transmitting, pursuant to law, copies of interstate civil defense compacts entered into by the State of Virginia with the States of Colorado, Ohio, Texas, and West Virginia (with accompanying papers); to the Committee on Armed Services.

FUNDS FOR CIVIL DEFENSE—LETTER

Mr. WILEY. Mr. President, one of the most important of the appropriations which will be considered in connection with the first supplemental appropriations bill will be the coming fiscal year's allocation for the Federal Civil Defense Administration.

The people of my State of Wisconsin are keenly civil-defense minded, and as an indication of that fact, I am pleased to present a letter which I have received from the chairman of a special joint civil defense committee of Dane County, Wis., urging adequate appropriation of funds for this vital purpose. I ask unanimous consent that the letter be printed in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF CIVIL DEFENSE,
MADISON-DANE COUNTY,
Madison, Wis., May 26, 1954.

Hon. ALEXANDER WILEY,
United States Senator from Wisconsin,
Senate Building,
Washington, D. C.

DEAR SENATOR WILEY: As the Special Joint Civil Defense Committee of Dane County and Madison, Wis., and in accord with the aims of the United States Civil Defense Council, we wish to urge your support of all civil defense legislation in Congress.

Although the success of local civil defense is based primarily on voluntary help, still certain funds are required to supply civil-defense units with basic equipment and facilities. We are heartily in accord with the proposed revision of the Federal civil defense law which may allow matching funds for administrative expenses.

Matching funds are more important now than ever before and we are particularly requesting your support of any bills which will appropriate more funds for civil defense.

We submit this letter, not only as officials of civil defense, but also as citizens and constituents interested in the future defense and security of this country.

Yours truly,

R. H. GERRY, *Chairman,*
Special Joint Civil Defense Committee.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. CARLSON, from the Committee on Post Office and Civil Service, without amendment:

H. R. 2226. A bill to repeal the provision of the act of July 1, 1902 (32 Stat. 662), as amended, relating to pay of civilian employees of the Navy Department appointed for duty beyond the continental limits of the United States and in Alaska (Rept. No. 1473);

H. R. 5913. A bill to simplify the handling of postage on newspapers and periodicals (Rept. No. 1474); and

H. R. 8487. A bill to amend the act of June 19, 1948, to provide for censuses of manufactures, mineral industries, and other businesses, relating to the year 1954 (Rept. No. 1475).

PRINTING OF OPINIONS OF SUPREME COURT CASES INVOLVING SEGREGATION IN SCHOOLS (S. DOC. NO. 125)

Mr. JENNER. Mr. President, from the Committee on Rules and Administration, I report favorably an original resolution, providing for the printing of the opinions of the Supreme Court of the United States in the cases involving segregation in the public schools.

The cost involved in the resolution is $265.08. The demand has been very heavy, and the request has been made to our committee that something be done about it. Therefore, I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana?

There being no objection, the resolution (S. Res. 258) was considered and agreed to, as follows:

Resolved, That the opinions of the Supreme Court of the United States in the cases involving segregation in the public schools, rendered on May 17, 1954, be printed as a Senate document; and that 7,900 additional copies shall be printed, of which 1,500 copies shall be for the Senate document room, 1,000 copies for the House document room, 990 copies for the use of the Senate, and 4,410 copies for the use of the House of Representatives.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. YOUNG:

S. 3529. A bill to encourage the disposal of agricultural surpluses and to improve the foreign relations of the United States, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. BUTLER of Nebraska (for himself and Mrs. BOWRING):

S. 3530. A bill to provide for construction by the Secretary of the Interior of Red Willow Dam and Reservoir, Nebr., as a unit of the Missouri River Basin project; to the Committee on Interior and Insular Affairs.

By Mr. CLEMENTS (for himself and Mr. HILL):

S. 3531. A bill to expedite the construction of needed public works and other facilities in areas of substantial unemployment; to the Committee on Public Works.

By Mr. WATKINS (by request):

S. 3532. A bill to provide for the partition and distribution of the assets of the Ute Indian Tribe of the Uintah and Ouray Reservation in Utah between the mixed-blood and full-blood members thereof; and for the termination of Federal supervision over the property and persons of the mixed-blood members of said tribe; to provide a development program for the full-blood members of said tribe; and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DOUGLAS:

S. 3533. A bill for the relief of Solomon S. Levadi; to the Committee on Armed Services.

By Mr. FERGUSON:

S. 3534. A bill for the relief of Sergio I. Veira; to the Committee on the Judiciary.

By Mr. UPTON (for himself, Mr. BRIDGES, Mr. PAYNE, Mrs. SMITH of Maine; Mr. IVES, and Mr. SALTONSTALL):

S. 3535. A bill to amend section 12 of the Civil Service Retirement Act of May 29, 1930, as amended, so as to provide for the payment of annuities thereunder to the widowers of female employees who die in service; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. UPTON when he introduced the above bill, which appear under a separate heading.)

By Mr. KEFAUVER:

S. 3536. A bill for the relief of Wong Nan Ling and Wong Nan Fee; to the Committee on the Judiciary.

By Mr. GILLETTE:

S. J. Res. 162. Joint resolution to change the name of Gavins Point Dam on the Missouri River near Yankton, S. Dak., to Vincent Harrington Dam; to the Committee on Public Works.

FREE WORLD PERILS—ADDRESS BY ADMIRAL CARNEY

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an address delivered by Adm. Robert B. Carney, Chief of Naval Operations, before the National Security Industrial Association, at the Roosevelt Hotel in New York on yesterday. I urge all Members of the Congress to read this outstanding address by a distinguished American, who has held posts of responsibility in the Defense Establishment. In his address, Admiral Carney points out what, in his professional judgment, he considers to be the grave dangers which this country and the free world face under the menace of Communist aggression.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the New York Times of May 28, 1954]

TEXT OF SPEECH BY ADMIRAL CARNEY ON FREE WORLD PERILS

Our country was founded on principles of individual liberty and equality among men with an emphasis on the dignity of an honorable peace. Nevertheless, we frequently have fought to consolidate this principle.

Our forebears believed that in America there could be a peaceful and democratic country that would enhance the dignity of the human being. Those beliefs were set forth in the greatest document that was ever written—the Constitution of the United States and its Bill of Rights.

We went to war to put this idea across. Our new Republic in its beginnings lived up to the nobility of its self-originated charter, but we had to fight in the early days of the last century to make it stick.

We believed that in this New World others should have the same God-given opportunity as ourselves, so the Monroe Doctrine was born and, on occasion, we fought to make it stick.

The Federal Government believed in the destiny of a United States that was indivisible. Although powerful differences of opinion on this particular subject led to a bitter War Between the States, today all of our States are welded together under one flag with a greater solidarity than ever.

THREE WARS IN GENERATION

Three times within my generation the United States determined that it was willing to cast its lot in the fight against aggression and went to war in support of our beliefs. It may appear to be an anomaly, but our love for peace has never been so great that we were not willing to fight for the preservation of those principles and relationships which are the only justifiable foundations for peace, according to our lights and tenets.

The threats to our security that have confronted us in the past were trivial compared to the threat that faces this country today. This is neither alarmist nor jingoist talk; nor is it a prediction that the holocaust will come tomorrow. It's merely the belief of an American citizen who is convinced that tomorrow can come far sooner than may be realized or sooner than we're ready to face up to.

The forceful and violent reactions of our history which I have pointed up were in effect the decisions of our country respecting the alternatives that we face and have faced us throughout our past decades and centuries. We are confronted with alternatives today and once more must make up our minds as to which of the alternatives we wish to adopt.

There is a decided and very subtle difference between the kind of wars we have fought in the past and the kind of struggle we are engaged in today. In our history, even within our own day and our own memory, we have seen the situation as peace or war; we have seen the white of peace and the black of war.

But in between the black and white of the spectrum, there is a vast zone of gray. It is neither a black area nor a white area. It is in that vast gray zone that the Soviet Union prefers to call the turn. They know that we, and particularly I mean the United States, are not accustomed to this kind of struggle. It's nothing that we as individuals would understand or would elect. They know we don't like it.

Nor do they think of war entirely in the conventional sense of sky battles, sea battles, and land battles. The military aspects are only a part and in many instances, rather a small part, of their plan.

SOVIET SAID TO WAR ON MIND

The Soviet Union is at war against the mind of man. Although their military capabilities counsel us to remain militarily alert and strong, their primary strength in this struggle lies not in that military realm but in their diplomatic deceit and subtleties—their spread of international and intranational distrust and suspicion; their spread of fear, and of social and economic disunity—that's the kind of war the Kremlin knows.

They create contradictory situations and conditions to confuse and confound their adversaries and they always advance during the period of confusion. They operate on a sort of tidal theory; that anything like international relations by its changing nature could not be completely planned and will inevitably have its ups and downs. The trick as they see it is to ride with the tide, swim on the flood tide and lose as little as possible when the tide ebbs.

Let me briefly review the recent history of Soviet-inspired communism.

In Germany, for instance, they have taken large amounts of manufactured products as reparation; they have absorbed a large portion of the German industry which was located in the Soviet zone; they have exploited and drained German resources in violation of the Potsdam agreement; they have instituted a totalitarian system of police control which suppresses basic human rights and legal processes, and indulges in arbitrary seizures, arrest, and forced labor—all of these things of course, are contrary to solemn agreements which they made, which she made with her World War II allies.

In the Soviet zone of Austria, the pattern has been very much the same. Time precludes my documenting their continuing violations of such agreements as were made at Yalta and Potsdam as they gained political and economic control of Poland, Hungary, Bulgaria, Rumania, Czechoslovakia, North Korea, and China.

But now we have learned something of the pattern of Soviet aggression, the actions that they take, and the tools that they use. Military occupation, false promises, false propaganda, subversion, police control, brainwashing, the dissolving of churches and of national cultures, enforced confessions, and the ultimate opportunity to be reconstituted as a thoroughbred Communist—all these devices are familiar to us by the record today. And I don't need to underline the advantage of the liar in a diplomatic agreement, a particularly important point on this day.

There is one postwar diplomatic agreement of the Soviet Union that has been so far-reaching and it stands out as such a classic that I should like to mention it. You must undoubtedly know it but you may have forgotten the details.

PACT WITH CHIANG RECALLED

It was not made with the United States. I refer to the Treaty of Friendship and alliances and agreement signed in Moscow on August 14, 1945. There the Russian leaders pledged their respect for the sovereignty of the Chinese Nationalist Government; they promised noninterference in Chinese internal affairs; they agreed not to participate in any alliances nor to take part in any coalition directed against the Nationalist Government of the Republic of China.

Mr. Molotov signed that treaty. On the same date Mr. Molotov also signed a note relating to the treaty in which the Government of the U. S. S. R. agreed to render moral support to Nationalist China and to aid in military supplies and other material resources. And such support and aid was to be entirely given to the Nationalist Government by this agreement. And the solemn treaty was to remain in force for a term of 30 years.

There were still 29 years to run on that 30-year contract signed by Mr. Molotov when the Russian leaders showed the world what they meant by good faith and how they honored a treaty. They had brought aid to the Nationalist Government by removing much of Manchuria's industry and equipment to Russian territory. And by the time the Nationalist Government forces were finally permitted to occupy the area in 1946, a year after the end of the war, they found themselves facing Chinese Communist forces, organized, disciplined, and mysteriously equipped with former Japanese weapons.

Now for 9 years, if you need any proof, if our country needs any proof, for 9 years there has been an unbroken series of agreements that the Communists have never kept.

There is no reason whatsoever to assume any change of heart or good will on their part. I spoke of the tidal theory. Today, in Indochina, from their viewpoint, it is floodtide. The Communists are swimming strong, they're not winded by any means, and it's wholly unrealistic to expect them to stop reaching forward under these circumstances that are favorable to them.

We are dedicated to the belief that all nations interested in the maintenance of their freedom must band together and make their appropriate contributions, both moral and physical, in resistance to this threat.

When the time comes that all free people realize that we are in a fight to the finish against those who would destroy the dearest birthright of the human race—that's a man's control of his own mind—I think we will all admit the necessity of our fighting harder for what we believe in than the Communists are willing to fight for what they want, and that's a big order, because they have shown the ability to fight.

FREEDOM CALLED MAIN STAKE

The ultimate goals of this war could not be measured alone in square miles of land, in sunken fleets, or decimated armies. It's a war to determine whether man will be free or whether he is to be enslaved by puppet sovereignties, and the first objective of the campaign from their viewpoint is the capture of his mind. I emphasize the mind because the mind is the source of determination and decision. If our country fails to make determinations and decisions, the mind may not have been captured, but it's certainly enveloped.

It is interesting to note that in no case have we ever enslaved anybody as a result of our victorious efforts. We can point with great justified pride to the fulfillment of our promise to the Filipinos. We can point to our efforts to assist the Japanese in rehabilitating themselves.

We can point to the fact that we have helped the Germans on two occasions; that, whereas we fought with the utmost vigor and determination in defense of our beliefs that we as a nation have never harbored a grudge against our former adversaries nor have we ever endeavored to acquire sovereignty of additional territory nor the enslavement of the people of their minds. This may be a very important point in the negotiations of the near future.

In 1950, when the Communists crossed into South Korea, our people took the instant and courageous decision that this aggression must be stopped, it had to be stopped somewhere and this was a good place to stop it. There rarely has been a more remarkable phenomenon of mass thinking and determination. The outcome of that struggle cannot be regarded with complete satisfaction by the allies, but the fact remains that we chose the decision to fight them rather than to submit to Communist expansion.

Dressed in different garb, the same alternatives are on us today, but today I believe that they are graver than they have ever been before. If the free world loses Indochina, can any thinking person possibly convince himself that this is the last step? It should be as obvious as the pages of history that it is only a matter of time until the rest of southeast Asia will be blanketed behind the Iron Curtain. With its millions of people and its vast resources, it would immeasurably strengthen the warmaking potential of the Communist world, the world that's aimed right straight at us.

THREAT TO OTHERS STRESSED

There are some alternative courses of action available to those of us being constantly badgered, assaulted and insulted, but the alternatives are not for the United States alone, certainly not at this time. They confront the entire community of freedom-loving nations—both European and Asiatic.

The United States can't make the decision alone. If effective resistance—that's either political and/or military—is to be organized in any part of the world it can only be done with the whole-hearted consent of the populations that are involved.

These are political matters for governments to decide, but the alternatives should be just as apparent to the man in the street as to his servants in Washington and governments as we see them are no more than expressions of opinion of the populations.

The possibilities or alternatives open to the Soviet strategists and their Chinese Communist partners are infinite as long as they can radiate out from their centralized position. They can continue to exert pressures on southeast Asia with its 150 million people and its vast resources. They could move against south Asia's impoverished millions of people. They could move against the Middle East.

And I emphasize again—that they can move in the economic, political, cultural or military spheres depending upon their own choice. The combinations and the permutations of their future courses of action are limited only by their composite imaginations and their diabolical schemes. No one can say for sure what they will do; whether they will act rationally or irrationally; whether, with the hope and possibility of surprise, they will miscalculate or underestimate our own countermeasures and our own retaliatory capabilities.

The record would seem to indicate, however, that despite their own mental perversities, they, themselves, are somewhat devoid of kamikaze philosophy.

FREE WORLD LOSSES FEARED

Now what alternatives are there for us? I'd like to emphasize that for every additional gain of territory and population by communism, there's a corresponding subtraction from the total strength of the free world.

That's just elementary arithmetic. There are just so many people in the world and just so many resources. The balance between the two sides is a fine one today.

With each additional gain accruing to the Soviet-controlled world and the corresponding subtraction from the free world, the second one always accompanies the first, the balance becomes more and more heavily weighted against us. If it's continued and carried to its final conclusion throughout the world, there can be no other conclusion than that we would ultimately be in a position far inferior to the coalition that's dedicated to our destruction. That's a bitter pill for an American to swallow, but you simply can't come to any other conclusion if you face the facts.

In actuality, the problem is not one of coming up with a succession of minor strategies to cope with brush fires. The real and fundamental problem is to develop a strategy which is a true long-range counter to the centralized overall strategy which is directing the moves in the campaigns for Communist expansion against us.

Now getting down to brass tacks, the simple alternatives are these: To do nothing; to rush around plugging the dike or to take measures to lower the pressure against the dikes.

In the past, our people have had the courage to take a firm stand at the critical moment. We took such a stand in 1950 in Korea. We have come to one crossroad after another as we travel along the highway of our destiny and as surely as I stand here, we are approaching another crossroad.

ROAD AHEAD IS PICTURED

Perhaps I should say we are approaching the fork in the road. One of the forks looks like a smooth highway but it doesn't go very far and it ends in oblivion; the other road goes through rough country and it's beset by obstacles, but at least it goes on and on and offers the hope of going on to some decent destiny.

The choice could be a fateful one from which there could be no turning back because we're close to the fork, in my opinion, and we're traveling at high speed and I don't believe that much time will be vouchsafed us.

I repeat now, and I'll repeat again and again that our adversary has never shown good faith—never. He has shown no deviation from his purpose and the evidence of his purpose is represented in the enslavement of Poland, the eastern sections of Germany and Austria, Rumania, Bulgaria, Czechoslovakia, Hungary, Albania, Estonia, Latvia, Lithuania, North Korea, and China. And he's making another pass—his persistent and continuing attempts by one means or another to take over every nation in the world.

He is constantly expanding, constantly bringing new multitudes, and new resources into his orbit and everyone of those things that are brought in as I pointed out before is a subtraction from our side.

THREE QUESTIONS POISED TO NATION

How can you possibly put your head in the sand and believe that a settlement of present difficulty or ephemeral negotiations are an end to all our troubles? How can we close our eyes to the inevitable arithmetic that everything added to his resources is something subtracted from ours?

How can we possibly blind ourselves to the ultimate end of that arithmetical process which will finally leave us in a position from which there is no possibility of recovering? That's another thing, a hard thing for an American to swallow.

It is not for me, a military servant of this country, to say what the national choice will be, but an American citizen whose entire time and energies are absorbed in contemplation of the problem of our security, it isn't inappropriate for me to evaluate the danger. It would be a willfully blind man indeed, who failed to see and admit that the danger is imminent and it's increasing swiftly.

Today's alternatives are grave, indeed, but their gravity may well be dwarfed by those which will confront us in a few years if our country fails to choose properly now. And the question is:

Do we want to turn into the smooth dead-end or take the rougher road that offers us a good destination if we have got the guts and strength to manage it?

ARMENIAN INDEPENDENCE—STATEMENT BY SENATOR JOHN F. KENNEDY

Mr. CLEMENTS. Mr. President, on behalf of the Senator from Massachusetts [Mr. KENNEDY], I ask unanimous consent to have printed in the body of the RECORD a statement prepared by him in commemoration of the 36th anniversary of the founding of the Armenian Independent Republic.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

ARMENIAN INDEPENDENCE

When the tragedy of the First World War was over and the dust and smoke caused by that unprecedented destructive event seemed settled, there emerged, in many parts of the world, new nations. These were, one might say, byproducts of World War I. The Armenian Republic, which came into existence in May of 1918, was one of these new states.

The Armenian people, who enjoyed national independence centuries before Columbus discovered America, even before the birth of Christianity, had lost their independence late in the 14th century. Then their country was overrun by Asiatic hordes, they were subjected to harsh alien rule, and many of them were forced to seek refuge in foreign lands. For more than 500 years, thereafter, the Armenian people in and out of Armenia nursed and nurtured one idea, that is, to regain their lost national independence. All their efforts were directed toward the attainment of that supreme goal.

At the turn of the century, when many subject peoples of the Ottoman Empire had tried, with some success to free themselves, the Armenians also hoped to realize their cherished dream. Early in the First World War, however, it looked as if their dream and their idea were drowned in a veritable bloodbath. The Turkish Government aimed to exterminate the Armenians in a wholesale massacre. In 1915 about a million Armenians lost their lives in the holocaust. Fortunately, however, the survivors of that tragedy fought their way to safety, arrived at a corner of their historic homeland, and there on May 28, 1918, proclaimed Armenian independence.

The Republic thus proclaimed and recognized by other countries was not allowed to live long; late in 1920 it was crushed under attacks of Russian Communist and Turkish nationalist forces. Since 1921 Armenia has become a part and parcel of the vast Soviet Empire, sealed off from the rest of the world. There freedom-loving Armenians cannot celebrate this day, the 36th anniversary of Armenian independence, but we can do so in the full hope that soon they will be free to celebrate it in their beloved homeland.

INTERVENTION IN INDOCHINA—EDITORIAL FROM THE WASHINGTON POST

Mr. LEHMAN. Mr. President, there is so much confusion with regard to our foreign policy, particularly as it relates to Indochina, that I am afraid very few people really understand the fundamental issues or the bases on which we will have to make final decision. The Washington Post in an unusually thoughtful editorial today points out and discusses some of the problems confronting our military and political policy in southeast Asia. The questions raised in the editorial deserve the most careful consideration and study on the part of Members of Congress and the public alike.

I ask unanimous consent to have this editorial printed in the body of the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE TERMS OF INTERVENTION

The time is rapidly approaching when the United States may have to make a hard decision on active military participation in Indochina. There is still a chance, of course, that the Communists at Geneva will agree to some sore of workable cease-fire. This chance needs to be explored to the utmost, and that is what Mr. Eden is doing. If an honorable truce could be arranged, then our immediate role presumably would be to help guarantee and police it in company with our European allies as well as the other nations of south Asia.

But there is little sign as yet that the Communists intend to be reasonable. In addition to asking huge concessions in Vietnam, they are demanding what amounts to recognition of their stooge governments in Cambodia and Laos—countries which they do not control. The military situation of the French and Vietnamese forces around Hanoi is deteriorating rapidly, and there is real question how long these forces can hold on. The French Government in Paris exists by a margin of two votes. In these circumstances the United States may soon be called upon to take an active part in saving what is left of Indochina as a means of saving southeast Asia.

Secretary Dulles already has spelled out the conditions on which the United States would consider military intervention. First, any intervention must be for liberty and independence rather than for the defense of colonialism. Second, we will not intervene alone; any action must be with allies and with the moral sanction of the United Nations. Mr. Dulles has made some progress in working out a military pact. There is now talk, albeit belated, of placing the matter before the U. N. and requesting a peace observation commission to report the facts.

These are good terms as far as they go, but they do not yet establish the basis for a well-rounded policy. Under any circumstances the decision on what to do in Indochina will be difficult. To avoid the confusion that shrouded the abortive plans to intervene at Dien Bien Phu, it is essential that a number of related questions be fully debated and answered.

In the first place, how far do we intend to follow the banner of anticolonialism? The vestiges of colonialism are not easily shucked off despite honest efforts. Surely the United States must stand with full independence as a matter of principle; but there is a point at which the cries of "colonialism" might conceal the larger issue of free-world security. In other words, it might be important to act in spite of the colonial problem.

Second, precisely what would we be intervening for? What are our objectives, long-range as well as immediate, in Indochina? Vietnamese officials do not want partition. Would we intervene to enforce partition? Would we undertake the well-nigh hopeless task of driving the Viet Minh out of Indochina? Would our intervention be directed primarily at protecting Cambodia and Laos? Should we give our blessing to Bao Dai, whose government has never been elected and who relaxes in France while the fighting is going on?

Third, if we should have to act, what would we act with? It is extremely doubtful that air and sea power would suffice. If they did not, a successful intervention would require ground troops in the dirtiest sort of fighting—and it could mean war with China. A minimum of 5 to 10 American divisions probably would be needed at the outset. Where are those divisions? We don't have them to spare; and before there is talk of actual intervention we ought to know where we would get them. That means a prompt review of force levels and the military budget.

Finally, since the war is as much political as military, have we a positive political concept to complement any military measures we may undertake? Happily there is increasing recognition that the criterion cannot be mere anticommunism, which is a negative and unsalable proposition. Time after time Asians complain that in its concern with communism the United States

does not seem to be vigorously for anything. This is a misreading of basic American ideals, but it has a lot to do with our relationships to India, Burma, Indonesia, and other Asian nations.

Military measures alone do not and cannot prevent the spread of subversion. To attract the sympathy or support of the other nations of south Asia, even in a collective action under the U. N., the United States must reiterate its fundamental purpose: to enable the people of the region to live their own lives in freedom and peace without foreign domination. This means renewed emphasis on ideas, on better opportunities, on better health and living standards. These are the indispensable counterparts of a military policy toward southeast Asia, and any decision on intervention needs to take full account of all of such considerations.

VOTING DURING THE EIGHTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD certain statistical material which was prepared and sent to me by someone who has been greatly interested in the relations between India and the United States of America, particularly with respect to the Korean war, and the refusal of India to permit planes transporting French troops to Indochina to fly over Indian territory.

Some time ago I made a statement on the floor of the Senate, which was interpreted, and properly so, as being critical of the voting record of India in the United Nations on the Korean question. I believe I said about 85 percent of the time India had voted either with the Soviet Union, or had abstained, on questions arising in connection with Communist aggression in Korea.

The person to whom I have referred, however, who is deeply interested in our relationship, felt that the statement I made did not give the full picture, and that on other issues which have come before the United Nations from time to time, other than those relating to Korea, there was shown a better "batting average" of India's voting vis-a-vis the United States or the Soviet Union. So, in fairness to that point of view, I ask to have the compilation printed in the RECORD at this point as a part of my remarks.

There being no objection, the compilation was ordered to be printed in the RECORD, as follows:

Voting during the 8th session of the General Assembly

	India	U. S. A.	U.S.S.R.
Chinese representation	Yes	No	Yes.
UNICEF	Yes	Yes	Yes.
Admission of Japan to ICJ	Yes	Yes	Abst.
Admission of San Marino to ICJ	Yes	Yes	Abst.
Bacterial warfare	Yes	Yes	Abst.
Disarmanent	Yes	Yes	Abst.
Korea	Yes	Yes	Abst.
Burmese complaint	Yes	Yes	Yes.
Morocco (Arab-Asian resolution)	Yes	No	Yes.
Morocco (Bolivian resolution)	Yes	No	Yes.
Tunisia	Yes	No	Yes.
Measures to avert war (U. S. S. R.)	Abst.	No	Yes.

Voting during the 8th session of the General Assembly—Continued

	India	U. S. A.	U.S.S.R.
Admission of new members	Yes	Yes	Yes.
Treatment of Indians in South Africa	Yes	Yes	Yes.
Race conflict in South Africa:			
Competence question	Yes	Abst.	Yes.
Resolution	Yes	Abst.	Yes.
Palestine relief	Yes	Yes	Abst.
Expanded program of technical assistance.	Yes	Yes	Yes.
Technical assistance in public administration.	Yes	Yes	Yes.
Economic development:			
A	Yes	Yes	Abst.
B	Yes	Yes	Abst.
C	Yes	Yes	Abst.
Korean reconstruction	Yes	Yes	Abst.
Assistance to Libya	Yes	Yes	Abst.
Prolongation of H. C. for refugees.	Abst.	Yes	No.
Work of H. C. for refugees	Abst.	Yes	No.
Political rights of women	Yes	Yes	Yes.
Freedom of information (A)	Yes	Yes	Abst.
Rights of self-determination	Yes	Yes	Yes.
Forced labor	Abst.	Yes	No.
Prisoners of war	Abst.	Yes	No.
Factors	Yes	No	No.
Educational conditions in NSGT	Yes	Yes	Yes.
Cessation of transmission of information in respect of—			
Netherlands, Antilles, and Surinam	Yes	No	Abst.
Puerto Rico	No	Yes	No.
South West Africa:			
A	Yes	Yes	Abst.
B	Yes	Yes	Yes.
Togoland unification (C)	Yes	Abst.	Abst.
Dissemination of information in trust territories	Yes	Yes	Yes.
Means of improving functioning of trusteeship	Abst.	No	Yes.
Attainment of independence by Somaliland	Yes	Yes	Yes.
Scale of assessments	Yes	Yes	No.
Preparatory work for charter revision	Yes	Yes	No.

India and the United States of America

Voting together	27
Voting on opposite sides	7
India abstaining	6
United States of America abstaining	3
Total	43

India and U. S. S. R.

Voting together	19
Voting on opposite sides	3
India abstaining	6
U. S. S. R. abstaining	15
Total	43

United States of America and U. S. S. R.

Voting together	14
Voting on opposite sides	13
U. S. S. R. abstaining	14
United States of America abstaining	2
Total	43

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business, to act on the new reports on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Labor and Public Welfare.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. MARTIN, from the Committee on Public Works:

Egbert Alfred Smith, of Illinois, to be a member of the Mississippi River Commission.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar under the heading "New Reports."

UNITED STATES COAST GUARD

The Chief Clerk proceeded to read sundry nominations in the United States Coast Guard.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Coast Guard nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the Coast Guard nominations are confirmed en bloc.

ARMY OF THE UNITED STATES

The Chief Clerk proceeded to read sundry nominations in the Army of the United States.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Army nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the Army nominations are confirmed en bloc.

THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Marine Corps nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Marine Corps are confirmed en bloc.

THE REGULAR ARMY, THE NAVY, AND THE MARINE CORPS

The Chief Clerk proceeded to read the nominations of Thomas Jerome Abernathy and 446 other cadets, United States Military Academy, for appointment in the Regular Army of the United States, in the grade of second lieutenant, upon their graduation.

Mr. KNOWLAND. Mr. President, I move that these nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

The Chief Clerk proceeded to read the nominations of Roscoe D. George, Jr., and 74 other persons for appointment in the Navy or in the Marine Corps.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that these nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

The Chief Clerk proceeded to read the nominations of Herbert R. Nusbaum and 1,246 other officers for appointment or promotion in the Marine Corps.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that these nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of all nominations confirmed today.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

JOINT MEETING OF THE TWO HOUSES—ADDRESS BY EMPEROR HAILE SELASSIE, OF ETHIOPIA

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, pursuant to the prior notice to the Senate, I now move that the Senate stand in recess, subject to the call of the chair, in order that it may proceed in a body to the Hall of the House of Representatives, there to attend the joint meeting of the two Houses and to hear an address to be delivered by His Majesty, Emperor Haile Selassie, of Ethiopia.

The motion was agreed to; and (at 12 o'clock and 15 minutes p. m.) the Senate, preceded by its Secretary (J. Mark Trice) and its Sergeant at Arms (Forest A. Harness), and headed by the Vice President and President pro tempore, proceeded to the Hall of the House of Representatives.

(The address delivered by His Majesty, Emperor Haile Selassie, of Ethiopia, at the joint meeting of the two Houses of Congress, appears in the House proceedings of today's CONGRESSIONAL RECORD.)

The Senate returned to its Chamber at 1 o'clock and 15 minutes p. m., and reassembled when called to order by the Presiding Officer (Mr. BUSH in the chair).

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there may be a continuation of the morning hour, under the usual 2-minute rule. I make this request because of the fact that some Senators did not reach the Chamber in time to participate in the morning-hour proceedings that were held before the Senate proceeded to the Hall of the House of Representatives, for the joint meeting.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

HOUSING ACT OF 1954—REPORT OF A COMMITTEE

Mr. CAPEHART. Mr. President, from the Committee on Banking and Currency, I report favorably, with an amendment in the nature of a substitute, the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and I submit a report (No. 1472) thereon, including the separate views of the Senator from New York [Mr. LEHMAN].

The PRESIDING OFFICER. The report will be received, and the bill will be placed on the calendar.

Mr. CAPEHART subsequently said: Mr. President, I ask unanimous consent that the housing bill (H. R. 7839) reported earlier in the day from the Committee on Banking and Currency be printed in the body of the RECORD, for the benefit of the Senate.

There being no objection, the bill, as proposed to be amended by the Committee on Banking and Currency, was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Housing Act of 1954."

TITLE I—FEDERAL HOUSING ADMINISTRATION AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

SEC. 101. Section 2 (a) of the National Housing Act, as amended, is hereby amended—

(1) by striking out the period at the end of the second sentence and by inserting a colon and the following: "*Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 80 percent of such loss."; and

(2) by inserting at the end thereof the following:

"After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances, or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances, or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; (iii) no dealer shall be permitted to participate in the benefits of this section unless he shall have been approved according to the following procedure: Each lending institution shall use due care in selecting dealers from whom it purchases notes or with whom it cooperates in making loans directly to the borrower under this section, and shall maintain a file with reference to each such dealer containing a signed and dated application by the dealer for approval and a signed and dated approval of the dealer by the lending institution, such approval being supported by information in the file that the dealer is (1) reliable, (2) financially responsible, (3) qualified to perform satisfactorily the work to be financed, and (4) equipped to extend proper service to the borrower; absence of such a file in the lending institution available for inspection by the Commissioner shall constitute a violation of this provision; (iv) each lending institution, as a condition precedent to insurance under this section, shall certify to the Commissioner at the time it records with the Commissioner for insurance each loan, advance of credit or purchase it has originated (a) that it has available the dealer file required by this section, (b) that the borrower has signed a dated credit application on a form approved by the Commisioner, (c) that the lending institution has mailed or delivered to the borrower written notice of approval of the credit application, (d) that no less than 6 days have elapsed between the date upon which such notice was mailed or delivered to the borrower and the date of disbursement of the loan by the lending institution, and (e) that prior to such disbursement but on or after the date of completion of the work for which credit was extended, the borrower has signed a completion certificate on a form approved by the Commissioner stating the borrower's satisfaction with the materials furnished and work performed and that no cash payment or rebate has been given or promised to the borrower in connection with this advance of credit and that the proceeds thereof will be entirely applied to payment for the materials and work for which credit was extended, and that the dealer has signed a completion certificate on a form approved by the Commissioner stating that the materials and work for which credit was extended constitute the entire consideration for such extension of credit, that a copy of the contract or sales agreement has been delivered to the borrower and the lending institution, containing the whole agreement with the borrower, that the borrower has not been given or promised a cash payment or rebate nor has it been represented to him that he will receive a cash bonus or commission on future sales as an endorsement for signing such contract, that the materials have been satisfactorily furnished and the work has been satisfactorily completed, that the borrower's completion certificate was signed by the borrower after such delivery or completion, that the signatures on the completion certificates of the borrower and the dealer and on the note are all genuine, that all bills for labor or materials have been or will be paid, and that if any of the representations on the dealer's certificate prove to be incorrect, the dealer agrees to repurchase promptly the note from the lending institution or from the Commissioner, as the case may be; and (v) the

Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to avoid the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least 6 months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved.

"In addition, and notwithstanding any other provisions of this section, the Commissioner is authorized and empowered, upon such terms and conditions as he may prescribe, to insure such financial institutions against losses which they may sustain as a result of loans and advances of credit, and purchases made by them after the effective date of the Housing Act of 1954 for the purpose of financing the acquisition of trailer coach mobile dwellings if (1) the amount of any such loan, advance of credit or purchase does not exceed $6,000, (2) the borrower has paid on account of the purchase price of such trailer coach mobile dwelling not less than 20 percent thereof in cash and has certified that he is purchasing such trailer coach mobile dwelling for his own use or occupancy, (3) the obligation representing the loan, advance of credit, or purchase has a maturity not in excess of 6 years and 32 days, and (4) such loan or advance of credit or obligation so purchased is secured by a first lien on such trailer coach mobile dwelling: *Provided,* That with respect to any loan, advance of credit or purchase covered by this sentence, the amount of any claim for loss paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 75 percent of the amount of such loss."

SEC. 102. Section 2 (f) of said act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of June 30, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

SEC. 103. Section 8 of said act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: *"And provided further,* That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

SEC. 104. Section 203 (b) (2) of said act, as amended, is hereby amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $18,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or $24,000 in the case of a three-family residence; or $30,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 percent of $8,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 percent of such value in excess of $8,000: *Provided,* That the mortgagor shall have paid on account of the property at least 5 percent (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *Provided further,* That unless the mortgage is on property approved for insurance prior to the beginning of construction, the principal obligation of the mortgage shall in no event exceed 80 percent of appraised value."

SEC. 105. Section 203 (b) (3) of said act, as amended, is hereby amended to read as follows:

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, 30 years from the date of the insurance of the mortgage: *Provided,* That for each of the first 10 years following the completion of the dwelling located on the property covered by the mortgage such maximum maturity shall be decreased by 1 year."

SEC. 106. Section 203 (b) (5) of said act, as amended, is hereby amended to read as follows:

"(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market."

SEC. 107. Section 203 (c) of said act, as amended, is amended by striking out of the second sentence the word *"Provided"* and inserting: *"Provided,* That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further."*

SEC. 108. Section 203 (d) of said act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: *"And provided further,* That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

SEC. 109. Subsections (f) and (g) of section 203 of said act, as amended, are hereby repealed.

SEC. 110. Section 203 of said act, as amended, is hereby further amended by adding the following new subsections at the end thereof:

"(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $7,000 and not in excess of 100 percent of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the act entitled 'An act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875, 81st Cong., approved September 30, 1950), as amended, has determined to be a major disaster."

"(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $6,650 and not in excess of 95 percent of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided,* That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 percent of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract with the owner and occupant (a) to pay on the latter's behalf all or part of the downpayment required by this paragraph agreeing to take as security a note from the prospective owner and occupant bearing interest at the rate of not more than 4 percent per annum maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the principal obligation shall not exceed 85 percent of the appraised value of the property or $5,950: *Provided further,* That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities."

SEC. 111. Section 204 (a) of said act, as amended, is hereby amended—

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

(2) by striking out of the second proviso the words "or under section 213 of this act," and inserting the following: "or under section 213 of this act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

(3) by striking the period at the end thereof and inserting a colon and the following: *"And provided further,* That, notwithstanding any requirement contained in this act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

SEC. 112. (a) Section 204 (d) of said act, as amended, is hereby amended by striking out of the second sentence thereof the words "3 years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature 20 years after the date of such debentures" and inserting "10 years after the date thereof."

(b) Section 204 of said act, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(i) Notwithstanding any other provisions of this act, if on the maturity date of any debentures issued under this act (except debentures issued under section 221 (g) (3) hereof), the Commissioner determines that the moneys available to him for the payment of debentures may not be sufficient to permit the payment in full of the principal of and the interest on debentures maturing in the immediate future, the Commissioner shall issue and deliver to the holders thereof refunding debentures maturing in not to exceed 10 years from such date and bearing interest at the same rate as the original debentures, and in such event the holders of such original debentures shall have no recourse to the Treasury on such original debentures. Any refunding debentures issued under the provisions of this subsection shall not be refundable and, in the event that the Commissioner fails to pay upon demand, when due, the principal of or interest on any such refunding debentures, the Secretary of the Treasury shall pay to the holders thereof the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such refunding debentures. This subsection shall not apply in any case where the mortgage involved was insured or the commitment for which such insurance was issued prior to the effective date of the Housing Act of 1954."

SEC. 113. Section 204 of said act, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(j) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice."

SEC. 114. Section 205 of said act, as amended, is hereby amended to read as follows:

"SEC. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

"(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

"(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive."

SEC. 115. Section 207 (c) of said act, as amended, is hereby amended—

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: "*And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals";

(2) by striking out the word "Alaska," in paragraph numbered (2) and inserting "Alaska, or in Guam,"; and

(3) by striking out paragraph numbered (3) and inserting the following:

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,000 per room (or $7,200 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,000 per room to not to exceed $2,400 per room and the dollar amount limitation of $7,200 per family unit to not to exceed $7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design."

SEC. 116. Section 207 (d) of said act, as amended, is hereby amended by inserting the words "of the Housing Insurance Fund" between the words "debentures" and "issued" in the first sentence of such section.

SEC. 117. Section 207 (h) of said act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: "and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner."

SEC. 118. Section 212 (a) of said act, as amended, is hereby amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for 12 or more families."

SEC. 119. (a) Section 213 (b) of said act, as amended, is hereby amended by striking clauses (1) and (2) and inserting:

"(1) not to exceed $5,000,000, or not to exceed $50,000,000 of the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

"(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family if the number of rooms in such property or project is less than 4 per family unit), and not to exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed: *Provided*, That if at least 50 percent of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed $2,375 per room (or $8,550 per family unit if the number of rooms in such property or project is less than 4 per family unit), and not to exceed 95 percent of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator-type structures, and to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar-amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) $2,250 per room to not exceed $2,700; (ii) $2,375 per room to not to exceed $2,850; (iii) $8,100 per family unit not to exceed $8,400; and (iv) $8,550 per family unit to not to exceed $8,900, except that the Commissioner may, by regulation, increase the foregoing limits by an additional $1,000 per room for any such projects in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, if located in a geographical area where he finds that cost levels so require: *And provided further*, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

(b) Section 213 (c) of said act, as amended, is hereby amended by striking from clause (1) "paragraph (A), paragraph (C), or paragraph (D) of."

SEC. 120. In the performance of, and with respect to, the functions, powers and duties vested in him by section 213 of the National Housing Act, as amended, the Commissioner shall appoint an Assistant Commissioner (notwithstanding the provisions of any other law except a provision hereafter enacted expressly in limitation hereof) to administer the provisions of that section under the direction and supervision of the Commissioner.

SEC. 121. Section 217 of said act, as amended, is hereby amended to read as follows:

"SEC. 217. Notwithstanding limitations contained in any other section of this act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) $1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed $500,000,000.

"It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations."

SEC. 122. Section 219 of said act, as amended, is hereby amended by striking out the words "or the Defense Housing Insurance Fund," and inserting "the Defense Housing Insurance Fund, or the section 220 Housing Insurance Fund,".

SEC. 123. Title II of said act, as amended, is hereby amended by adding at the end thereof the following new sections:

"REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

"SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"(1) The mortgaged property shall—

"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: *Provided*, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and

"(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

"(2) The mortgaged property shall be held by—

"(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the section 220 Housing Insurance Fund and shall be redeemed by the mortagagor at par upon the termination of all obligations of the Commissioner under the insurance; or

"(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

"(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

"(A) not to exceed $18,000 in the case of property upon which there is located a dwelling designed principally for a 1- or 2-family residence; or $24,000 in the case of a 3-family residence; or $30,000 in the case of a 4-family residence; or in the case of a dwelling designed principally for residential use for more than 4 families (but not exceeding such additional number of family units as the Commissioner may prescribe) $30,000 plus not to exceed $6,000 for each additional family unit in excess of 4 located on such property; and not to exceed an amount equal to the sum of (i) 95 percent of $8,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 percent of such value in excess of $8,000; or

"(B) (i) not to exceed $5 million, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed $50 million; and

"(ii) not to exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

"(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family unit if the number of rooms in such property or project is less than 4 per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,250 per room to not to exceed $2,700 per room and the dollar amount limitation of $8,100 per family unit to not to exceed $8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation increase the foregoing limits by an additional $1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

"(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h) (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

"(g) There is hereby created a section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of $1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the section 220 Housing Insurance Fund.

"Moneys in the section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such fund.

"SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage,' 'first mortgage,' 'mortagagee,' 'mortgagor,' 'maturity date,' and 'State' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $7,600, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence or not to exceed 90 percent of such appraised value if the mortgage is not on property approved for insurance prior to the beginning of construction: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 percent, or 10 percent, as the case may be, of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 percent of the appraised value; or

"(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $5 million; and not in excess of $7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 percent of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated for use as rental accommodations for 10 or more families eligible for occupancy as provided in this section; and

"(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 30 years from the date of insurance of the mortgage; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

"(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

"(3) in the event any mortgage insured under this section is not in default at the expiration of 20 years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term 'going Federal rate' as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the 6-month period

(consisting of January though June or July through December) which includes the issuance date of such debentures, which applicable rate for each such 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 8 to 12 years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than 8 years and the obligation next longer than 12 years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this act.

"(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of $1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

"Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling management, renovation, and disposal of properties acquired under this section shall be charged to such fund."

SEC. 124. Title II of said act, as amended, is further amended by adding at the end thereof the following new section:

"MORTGAGE INSURANCE FOR SERVICEMEN

"SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a 'serviceman' means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than 2 years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

"(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section 203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 percent of the appraised value of the property and not to exceed $14,250: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

"(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, 'the period of ownership by a serviceman' means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

"(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

"(e) The provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the 'Fund,' or 'Mutual Mortgage Insurance Fund,' shall refer to the 'Servicemen's Mortgage Insurance Fund,' and (2) all references to 'section 203' shall refer to this section.

"(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section. For the purposes of this fund (and in addition to amounts made available pursuant to subsection (c) or otherwise), there is hereby authorized to be appropriated the sum of $1 million. For immediate needs pending such appropriation, the Commissioner is directed to transfer the sum of $1 million to such fund from the War Housing Insurance Fund created by section 602 of this act, such amount to be reimbursed to the War Housing Insurance Fund upon the availability of the appropriation authorized by the preceding sentence. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(g) Notwithstanding any provision of the Servicemen's Readjustment Act of 1944, as amended, no mortgagor under this section shall be eligible thereafter for loan benefits under title III of that act to purchase residential property or construct a dwelling to be occupied at his home, and no person who has used his entitlement under title III of said act to purchase residential property or construct a dwelling to be occupied as his home shall be eligible for the benefits of this section."

SEC. 125. Title II of said act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

"MISCELLANEOUS HOUSING INSURANCE

"SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

"(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, 76th Congress, as amended; Public Law 781, 76th Congress, as amended; or Public Laws 9, 73, or 353, 77th Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

"(2) executed in connection with the sale by the Public Housing Administration, or by any public-housing agency with the approval of the said administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof)

owned or financially assisted pursuant to the provisions of Public Law 671, 76th Congress; or

"(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Md., and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority; or

"(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

"(5) executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

"(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than 12 years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 percent of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 50 percent of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 percent of such appraised value.

"(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II."

SEC. 126. Title II of said act, as amended, is hereby amended by adding at the end thereof the following new sections:

"DEBENTURE INTEREST RATE

"SEC. 224. Notwithstanding any other provisions of this act, debentures issued under any section of this act with respect to a mortgage accepted for insurance on or after 30 days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of 15 years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent.

"OPEN-END MORTGAGES

"SEC. 225. Notwithstanding any other provisions of this act, in connection with any mortgage insured pursuant to any section of this act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an 'open-end' provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such 'open-end' advances: *Provided further*, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further*, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation: *And provided further*, That the insurance of 'open-end' advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this act.

"FHA APPRAISAL AVAILABLE TO HOME BUYERS

"SEC. 226. The Commission is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a 2-family residence and which is approved for mortgage insurance under sections 203, 220, or 221 of this act prior to the beginning of construction, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing for his own occupancy any such dwelling which has not previously been occupied, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner.

"BUILDER'S COST CERTIFICATION

"SEC. 227. Notwithstanding any other provisions of this act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

"(a) The term 'new or rehabilitated multifamily housing' means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221, (v) under section 803, or (vi) under sections 903 and 908;

"(b) The term 'approved percentage' means the percentage figure which, under applicable provisions of this act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; and

"(c) The term 'actual cost' has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, including a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, plus an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the items of expense other than land referred to in (i), plus an additional amount equal to the purchase price of the land and improvements prior to such repair or rehabilitation if the purchase of such land and improvements is to be financed with the proceeds of the mortgage, except that such additional amount shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation: *Provided*, That the amount of the approved percentage of actual cost,

as used in this section, shall include the amount of any outstanding indebtedness secured by the land and improvements to be refinanced with the proceeds of the mortgage but in no event in excess of the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to such repair and rehabilitation.

"SEC. 228. Nothwithstanding any other provisions of law, the Commissioner may establish in the Federal Housing Administration not to exceed 18 positions the compensation for which shall be at the rate now or hereafter fixed by law for grade GS–16 of the general schedule established by the Classification Act of 1949, as amended (which positions shall be in lieu of any positions at grade GS–16 of said general schedule previously allocated in the Federal Housing Administration under section 505 of said Classification Act), and appointments to such positions may be made by the Commissioner without regard to the provisions of the civil service laws and said Classification Act of 1949, as amended."

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING ADMINISTRATION

SEC. 127. Title VI of said act, as amended, is hereby amended by adding the following new section at the end thereof:

"SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date."

SEC. 128. (a) Section 803 (a) of said act, as amended, is amended by striking out "July 1, 1954" and substituting therefor "June 30, 1955."

(b) Section 903 (a) of said act, as amended, is hereby amended by adding the following before the last proviso thereof: *"Provided further,* That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy:".

SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows: (1) by striking out the material within the parentheses in clause (a) and substituting therefor "except (i) pursuant to a commitment to insure issued on or before such date or (ii) during such period, or for such project or projects, after said date as the President may designate hereunder", and (2) by adding after the last comma in clause (b) "except during such period, or for such project or projects, as the President may designate hereunder: *Provided,* That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after June 30, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date."

SEC. 130. The paragraph following paragraph numbered (3) of section 803 (b) of the National Housing Act, as amended, and paragraph numbered (3) of section 908 (b) of said act, as amended, are hereby amended to read as follows: "The mortgagor shall enter into the agreement required by section 227 of this act, as amended."

SEC. 131. The eighth paragraph of section 709 of title 18 of the United States Code is hereby amended to read as follows:

"Whoever uses as a firm or business name the words 'Federal Housing', 'National Housing', or 'Public Housing Administration' or the letters 'FHA' or any combination or variation of those words or the letters 'FHA' alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Federal Housing Administration, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Federal Housing Administration, the Government of the United States or any agency thereof for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or represents by any device whatsoever that any project, business, or product has been in any way endorsed, authorized, or approved by the Federal Housing Administration, the Public Housing Administration, the Government of the United States or any agency thereof; or."

SEC. 132. Title V of the National Housing Act, as amended, is hereby amended by adding the following new sections after section 511:

"SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor, or dealer) under titles I, II, or VIII of this act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair, or improvement work financed with assistance under this act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially, whether intentionally or through inability, to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commisioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence.

"SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while insurance on the mortgage remains outstanding.

"(b) Notwithstanding any other provisions of this act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this act shall be rented for a period less than 30 days or operated in such a manner as to offer any hotel services while so insured.

"(c) After the effective date of the Housing Act of 1954, no mortgage with respect to multifamily housing shall be insured under the National Housing Act, as amended, unless the mortgagor certifies under oath that while such insurance remains outstanding no rental of any portion of any building subject to such mortgage will be permitted for a period of less than 30 days and no hotel services will be offered to or provided for any tenant in such building.

"(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this act: *Provided, however,* That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

"SEC. 514. (a) Within 15 days after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of section 513 or in violation of any other provision of this act or any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

"(b) If such violation does not cease within such period, the Commissioner shall within 15 days forward the complaint to the Attorney General of the United States for prosecution of any criminal action involved in such violation.

"(c) Within the 15-day period referred to in subsection (b) of this section, the Commissioner shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, for an order enjoining such acts or practices constituting such violation and upon a showing by the Commissioner that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

(d) If the Commissioner fails to file such petition within the allotted 15-day period, any person may within 30 days following the expiration of the 15-day period at his sole cost or charge file such petition in the name of the United States and conduct such litigation to its conclusion on behalf of the United States in the same manner as if he were the Commissioner.

"(e) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter."

SEC. 133. The Director of the Bureau of the Budget is hereby authorized and directed to report to the Committees on Banking and Currency of the Senate and House of Representatives not later than February 1, 1955, on the feasibility of merging or consolidating the home loan and guaranty functions of the Administrator of Veterans' Affairs and the mortgage insurance functions of the Federal Housing Administration, together with any proposed legislation which the Director may deem necessary or desirable to carry out his recommendations.

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 201. No expiration or termination of authority of the Reconstruction Finance Corporation, or the expiration of the succession of such Corporation, shall affect any authority or function transferred under Reorganization Plan No. 22 of 1950 (64 Stat. 1277), and all functions and authority transferred under said plan shall remain in full force and effect.

SEC. 202. The first sentence of paragraph (1) (G) of section 301 (a) of the National Housing Act, as amended, is hereby amended—

(1) by striking "1954" and inserting "1954 (or 1955 in case of a commitment under title VIII of this act)"; and

(2) by inserting before the period at the end of said sentence: "or (iii) commitments made by the Association, not exceeding in the aggregate $15 million in original principal amounts, which relate to mortgages covering projects or properties located in Guam."

SEC. 203. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan No. 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator, thereunder, are hereby transferred to the Federal National Mortgage Association.

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 301. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read "Title I— Slum Clearance and Urban Renewal."

SEC. 302. Title I of said act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"URBAN RENEWAL FUND

"SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the 'Urban Renewal Fund,' and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund."

SEC. 303. Section 101 of said act, as amended, is hereby amended to read as follows:

"SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

"(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of said act: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

"(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs."

SEC. 304. Section 102 of said act, as amended, is hereby amended—

(1) by amending the first sentence in subsection (a) to read as follows: "To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects.";

(2) by inserting in the second sentence of subsection (a) before the word "expenditures" the word "estimated" and by inserting after the word "bonds" the words "or other obligations";

(3) by striking out "new uses of land in the project area" at the end of the first sentence of subsection (b) and inserting "new uses of such land in the project area";

(4) by striking out the words "bear interest as such rate" in the second sentence of subsection (b) and inserting "bear interest at such rate"; and

(5) by amending subsection (d) to read as follows:

"(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds."

SEC. 305. Subsection (a) of section 103 of said act, as amended, is hereby amended to read as follows:

"(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

SEC. 306. Section 104 of said act, as amended, is hereby amended by striking "section 110 (f) of land" and inserting "section 110 (f) of the property."

SEC. 307. Section 105 of said act, as amended, is hereby amended—

(1) by striking "Contracts for financial aid" and inserting "Contracts for loans or capital grants";

(2) by amending subsections (a) and (b) to read as follows:

"(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

"(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided,* That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;";

(3) by striking the word "project" wherever it appears in subsection (c) and inserting the term "urban renewal"; and

(4) by strking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

SEC. 308. Section 106 of said act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): ": *Provided,* That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made".

SEC. 309. Section 107 of said act, as amended, is hereby amended by striking out the words "redevelopment plan" and inserting "urban renewal plan".

SEC. 310. Section 109 of said act, as amended, is hereby amended to read as follows:

"SEC. 109. In order to protect labor standards—

"(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

"(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.".

SEC. 311. Section 110 of said act, as amended, is hereby amended to read as follows:

"SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Urban renewal area' means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved in which the Administrator approves as appropriate for an urban renewal project.

"(b) 'Urban renewal plan' means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, 'slum clearance and redevelopment' may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided,* That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further,* That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 percent of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, 'rehabilitation' or 'conservation' may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary, or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided,* That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 percent or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the

Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further,* That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

"(f) 'Net project cost' shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

"(g) 'Going Federal rate' means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the 6-month period (beginning with the 6-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the 1st day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

"(h) 'Local public agency' means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"(i) 'Land' means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

"(j) 'Administrator' means the Housing and Home Finance Administrator."

SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this act.

SEC. 313. The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, 83d Cong.) are hereby repealed.

SEC. 314. The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section said Administrator shall give preference to those undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance or progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed $5 million and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.

SEC. 315. Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking "$2,000" in subsection (a) and subsection (b) and inserting in each instance "$2,500 unless insured as provided in title I of the National Housing Act, as amended."

SEC. 316. Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—

(1) by striking "1949" wherever it appears in said section and inserting "1949, as amended": *Provided,* That this clause (1) shall not limit or restrict any authority under said section 20;

(2) by adding the following new subsections at the end of said section:

"(i) In addition to its authority under any other provision of this act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: *Provided,* That for the purpose of this subsection the word 'redevelopment' wherever found in this act (except in sec. 3 (n)) shall mean 'urban renewal,' and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

"(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency."; and

(3) by striking out the second sentence of subsection (h).

TITLE IV—LOW-RENT PUBLIC HOUSING

SEC. 401. The United States Housing Act of 1937, as amended, is hereby amended—

(1) by striking out the period at the end of the third sentence of section 10 (e) thereof and inserting a colon and the following: "*And provided further,* That, notwithstanding any other provisions of law except provisions enacted after the effective date of the Housing Act of 1954 expressly in limitation hereof, the provisions of this subsection and of section 9 hereof shall be in full force and effect, and, insofar as the provisions of any other act are inconsistent with the provisions of this subsection or of section 9, the provisions of this subsection and of section 9 shall be controlling.";

(2) by striking the words following the first colon up to and including the words "such families" in subsection 10 (g) and inserting the following: "First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within 3 years prior to making application to such public housing agency for admission to any low-rent housing: *Provided,* That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further,* That, as among families within any such preference group";

(3) by striking the words "or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project" in clause (ii) of subsection 15 (8) (b) and inserting the following: "or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units"; and

(4) by striking the words "not later than 5 years after March 1, 1949" in subsection 15 (8) (b) and inserting "not later than March 1, 1959."

SEC. 402. Subsection 10 (h) of said act, as amended, is hereby amended to read as follows:

"(h) Every contract made pursuant to this act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes

levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 percent of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided,* That, if at the time such agreement for local cooperation is entered into it appears that such 10 percent payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 percent of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 percent: *Provided further,* That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceeds 10 percent of the annual shelter rents charged in such project or (ii) 20 percent of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further,* That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection."

SEC. 403. Section 10 of said act, as amended, is hereby amended by adding the following new subsection:

"(i) Every contract made pursuant to this act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

"(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

"(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: *Provided,* That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project."

SEC. 404. Paragraph (6) of section 16 of said act, as amended, is hereby repealed.

SEC. 405. (a) The sixth and seventh provisos under the heading "Public Housing Administration," "Annual Contributions" in the First Independent Offices Appropriation Act, 1954, and the fifth and sixth provisos under the same heading in the Independent Offices Appropriation Act, 1953, are hereby repealed.

(b) Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following subsections:

"(k) No part of any appropriation for the payment of annual contributions under any contract therefor entered into after April 17, 1940, shall be available for payment to any public-housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, or a person who has made application for citizenship, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the Armed Forces of the United States within 4 years prior to the date of application for admission to such housing.

"(l) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended."

SEC. 406. Section 10 of said act, as amended, is hereby amended by adding the following new subsection:

"(j) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause No. (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project."

TITLE V—HOME LOAN BANK BOARD

SEC. 501. The National Housing Act, as amended, is hereby amended—

(1) by amending section 402 (c) (4) to read as follows:

"(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its Territories or Possessions or the Commonwealth of Puerto Rico, and many be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia: *Provided,* That the provisions hereof relating to service of process shall not be applicable to any pending court action or suit or to any action or suit involving the subject matter, or part thereof, of such pending action or suit.";

(2) by adding the following new subsection to section 405:

"(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of 3 years from the date of default unless, within such 3-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the corporation and its validity denied, in which event the action may be brought within 2 years from the date of such denial."; and

(3) by amending the first sentence of section 407 to read as follows:

"Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation, and the Corporation, for violation by an insured institution of its duty as such or for continued unsafe or unsound practices in conducting the business of the institution, may, after written notice of any such alleged violation of duty or continued unsafe or unsound practices and after reasonable opportunity to be heard, by written notice to such insured institution, terminate such status."

SEC. 502. The Federal Home Loan Bank Act, as amended, is hereby amended by striking "$20,000" in section 10 (b) (2) and inserting "$35,000".

SEC. 503. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking "$20,000" wherever it appears in the first paragraph of subsection (c) of section 5 and inserting "$35,000";

(2) by amending subsection (d) of section 5 to read as follows:

"(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator, or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have 30 days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association 20 days' written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative

Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpenas and subpenas duces tecum and shall issue such at the request of any interested party, and the board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpena or subpena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within 30 days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, D. C.

"(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for 6 months, or until 30 days after the termination of the administrative hearing and final proceedings herein provided, or until 60 days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than $1,000 or by imprisonment for not more than 1 year or both by such fine and imprisonment. Nothing in this subsection relating to jurisdiction, venue, service of process or suability of the Board shall be applicable to any pending court action, or suit, or to any action, or suit involving the subject matter, or part thereof, of such pending action or suit."; and

(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 percent of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of $2,500."

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

DECLARATION OF POLICY

SEC. 601. It is declared to be the policy of Congress—

(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

DEFINITIONS

SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

(b) "Private financing institutions" means life insurance companies, saving banks, comercial banks, cooperative banks, mortgage banks, and savings and loan associations.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, and Territories and possessions of the United States.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee," which shall consist of the Housing and Home Financing Administrator, who shall act as chairman of the National Committee, and 14 other persons appointed by the administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

(d) The administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the board to serve on the National Committee in an advisory capacity.

(e) The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

(f) The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEE

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions.

Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks and may similarly act through and utilize the services of the several Federal Reserve banks after making appropriate arrangements with the Chairman of the Board of Governors of the Federal Reserve System.

FUNCTIONS OF NATIONAL COMMITTEE AND OF REGIONAL SUBCOMMITTEES

SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

REGULATIONS OF ADMINISTRATOR

SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

GENERAL PROVISIONS

SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States.

SEC. 610. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 611. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land-use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 percent of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding $5 million to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of 3 years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 percent per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

(e) There is hereby authorized to be appropriated not exceeding $10 million to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended. Not more than 5 percent of the funds so appropriated shall be expended in any one State.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the

District of Columbia, the Commonwealth of Puerto Rico, and any Territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

SEC. 801. The Congress hereby declares that smoke elimination and air pollution prevention are important factors in the prevention and rehabilitation of slums and blighted areas and in the conservation of the health and property of the people of the United States. It is the objective of this title to assist in smoke elimination and air-pollution prevention by providing for research and loans.

SEC. 802. (a) The Secretary of Health, Education, and Welfare (hereinafter sometimes referred to in this title as the Secretary) shall undertake and conduct a program of technical research and studies concerned with (a) causes of air pollution and excessive smoke; (b) devices, structures, machinery, equipment, and methods (including methods of selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution or the collection of atmospheric contaminants; and (c) guidance and assistance to local communities in smoke elimination and air pollution prevention and control.

(b) Contracts may be made by the Secretary for technical research and studies authorized by this section for work to continue not more than 4 years from the date of any such contract. Any unexpended balances of appropriations properly obligated by such contracting may remain upon the books of the Treasury for not more than 5 fiscal years before being carried to the surplus fund and covered into the Treasury. All contracts made by the Secretary for technical research and studies authorized by this or any other act shall contain requirements making the results of such research or studies available to the public through dedication, assignment to the Government, or such other means as the Secretary shall determine. The Secretary shall disseminate, and without regard to the provisions of 39 U. S. C. 321n, the results of such research and studies in such form as may be most useful to industry and to the general public.

(c) In carrying out research and studies under this title, the Secretary shall utilize, to the fullest extent feasible, the available facilities of existing bureaus and offices within the Department of Health, Education, and Welfare, other departments, independent establishments, and agencies of the Federal Government, and shall consult with, and make recommendations to, such other departments, independent establishments, and agencies with respect to such action as may be necessary and desirable to overcome existing gaps and deficiencies in available data with respect to excessive smoke and air pollution causes, prevention, and control or in the facilities available for the collection of such data. For the purposes of this title, the Secretary is further authorized to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions, and other nonprofit organizations, and may, in addition to and not in derogation of any powers and authorities conferred under any other act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of title 5, United States Code, section 73b–2;

(2) utilize, contract with, and act through, without regard to section 3709, of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with its consent, and any funds available to the Secretary for carrying out his functions, powers, and duties under this section shall be available to reimburse or pay any such agency, instrumentality, institution, or organization; and, whenever necessary in the judgment of the Secretary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes; and

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out the Secretary's functions, powers, and duties under this title.

(d) There is hereby authorized to be appropriated to carry out the purposes of this section, such sums, not in excess of $5 million, as may be necessary therefor.

SEC. 803. (a) The Housing and Home Finance Administrator (hereinafter sometimes referred to in this title as the Administrator) within the limits hereinafter provided, is authorized to purchase the obligations of, and to make loans to, any business enterprise to aid in financing the purchase, installation, construction, reconstruction or remodeling of any device, structure, machinery, or equipment used or to be used in connection with the enterprise's business activities where the purchase, installation, construction, reconstruction, or remodeling would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located, or (2) in conjunction with other proposed action in the community, substantially reduce the amount of such smoke, pollution, or contamination.

(b) No financial assistance shall be extended pursuant to this section unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans shall be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

(c) Loans made pursuant to this section may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the business enterprise can obtain loan funds from sources other than the Federal Government at interest rates as low as or lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the business enterprise of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(d) The loans shall be repaid within such period, not exceeding 20 years, as may be determined by the Administrator, and shall bear interest at a rate determined by the Administrator which shall be not less than 1 percent plus the base annual rate which the Secretary of the Treasury shall specify as applicable to the 6-month period (beginning with the 6-month period ending July 31, 1954) during which the contract for the loans is made: *Provided*, That such base annual rate for each 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent.

(e) The total amount of investments, loans, purchases, and commitments made pursuant to this section shall not exceed $50 million outstanding at any one time.

(f) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Funds made available to the Administrator pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this section, and all funds available for carrying out the functions of the Administrator under this section, shall be available for any of the purposes of this section, including administrative expenses of the Administrator in connection with the performance of such functions.

(g) Not more than 10 percent of the funds provided for in this section in the form of loans shall be made available within any one State.

(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (c), except subsection (2), of the Housing Act of 1950.

SEC. 804. The authority of the Federal Housing Commissioner under the National Housing Act, as amended, shall be used to the fullest extent possible to encourage and assist home conversion and improvement loans which will aid smoke elimination and air pollution prevention.

SEC. 805. For purposes of this title the word "State" shall include all Territories of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

TITLE IX—MISCELLANEOUS PROVISIONS

SEC. 901. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a 4-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, no mortgage shall be insured or guaranteed under the National Housing Act, as amended, or title III of the Servicemen's Readjustment Act of 1944, as amended, unless the seller or builder, and such other person as may be required by the said Commissioner or Administrator to give a certification, shall deliver to the purchaser or owner of such property a certificate that the dwelling is constructed in conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans'

Affairs based his valuation of the dwelling: *Provided*, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other person giving the required certification his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change, or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such certification shall apply only with respect to such instances of nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the person who gave the certification within 1 year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such certification shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after July 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to July 1, 1954.

(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which certifications are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or person giving a certification during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

SEC. 902. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended—

(a) by striking out of clause (C) of section 512 (b) "June 30, 1954" and inserting in lieu thereof "June 30, 1955";

(b) by striking out of section 512 (d) "to any private lending institution evidencing ability to service loans" and inserting in lieu thereof "to any person or entity approved for such purpose by the Administrator";

(c) by striking out of the first sentence of section 513 (a) "June 30, 1954" and inserting in lieu thereof "June 30, 1955";

(d) by striking out of the third sentence of section 513 (c) "June 30, 1955" and inserting in lieu thereof "June 30, 1956";

(e) by striking out of the first sentence of section 513 (d) "June 30, 1954" and inserting in lieu thereof "June 30, 1955";

(f) by striking out of section 513 (d) the second time it appears the sum "$25,000,000" and inserting in lieu thereof the sum of "$50,000,000"; and

(g) by amending section 501 (b) to read as follows:

"(b) Any loan made to a veteran for the purposes specified in subsection (a) of this section 501, may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 percent of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed $7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved."

SEC. 903. (*a*) Section 108 of the Reconstruction Finance Corporation Liquidation Act (62 Stat. 262) is amended as follows:

(1) Strike out from subsection (a) thereof the words "the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate," and insert in lieu thereof the words "the Housing and Home Finance Administrator."

(2) Strike out all of subsection (b) and insert in lieu thereof the following:

"(b) For the purposes of this section, notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to obtain from a revolving fund hereby established in the Treasury of the United States not to exceed a total of $50 million outstanding at any one time. For this purpose there is hereby appropriated to said revolving fund in the Treasury the amount of $50 million. Advances from the revolving fund shall be made to the Housing and Home Finance Administrator upon his request. The Housing and Home Finance Administrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, as at rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public-debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund."

(3) Strike out from subsection (c) thereof the words "officer or agency designated by the President" and insert in lieu thereof the words "Housing and Home Finance Administrator."

(4) Strike out from subsection (d) thereof the figures "1955" and insert in lieu thereof the figures "1957."

(b) Section 10 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking therefrom the words "at the expiration of the succession of the Corporation" and inserting in lieu thereof the words "by the close of business on June 30, 1954."

(c) Subsection (a) of section 102 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows: "(a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended to read: 'The Corporation shall have succession until it is dissolved pursuant to the provisions of section 10 of this act'."

(d) Section 105 of the Reconstruction Finance Corporation Liquidation Act is amended by striking the words "termination of succession" wherever they appear therein and inserting in lieu thereof the word "dissolution."

(e) Subsection (a) of section 106 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows: "(a) Promptly after June 30, 1954, the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress."

SEC. 904. The act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is hereby amended—

(1) by adding the following at the end of section 605 (a):

"In any city in which, on March 1, 1953, there were more than 12,000 temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than 12,000 temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, and (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding 425 acres of land in the general area in which approximately 1,500 units of temporary housing held by the United States of America were unoccupied on said date.";

(2) by adding the following new subsection at the end of section 607;

"(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, and (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said act."; and

(3) by adding the following new section at the end of title VI:

"SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, Calif., is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County, Calif., the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: *Provided*, That the term housing as used in this section shall not include land."

SEC. 905. Subsection 302 (b) of Public Law 139, 82d Congress, as amended, is hereby

amended by striking the second sentence thereof and adding the following:

"Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: *Provided*, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator) to a public body for public use: *And provided further*, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site."

SEC. 906. Section 601 of the Housing Act of 1949 is hereby amended to read as follows:

"The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying out any of his functions, powers, and duties under this or any other act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed $25 per diem in lieu of subsistence, as authorized by section 5 of the act of August 2, 1946 (5 U. S. C. 73b–2)."

SEC. 907. Section 202 of the act entitled "An act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes", approved September 23, 1950, as amended, is hereby amended by adding the following new sentence at the end thereof: "In any case where such facilities are or have been damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States."

SEC. 908. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized and directed to sell to the University of California, at fair market value as determined by him, all of the properties, including land, comprising war housing projects CAL–4041 and 4042 known as Canyon Crest Homes located in Riverside County, Calif.

SEC. 909. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN–6029, known as Westfield Heights, containing 130 dwelling units on approximately 23.19 acres of land in Wethersfield, Conn., and CONN–6125, known as Drum Hill Park, containing 125 dwelling units on approximately 52.33 acres of land in Rocky Hill, Conn., to the housing authority of the town of Wethersfield, Conn., for use in providing moderate rental housing. Any sale pursuant to this act shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed 30 years with interest on unpaid balance at not to exceed 5 percent per annum.

SEC. 910. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the requirements thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

SEC. 911. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

(a) In the first sentence of section 511 immediately following the phrase "July 1, 1952," strike the word "and", and insert at the end of the sentence just before the period a comma and the language "and an additional $100,000,000 on and after July 1, 1954."

(b) In section 512, (i) strike "and 1953" and insert "1953, and 1954", and (ii) strike "and $2,000,000" and insert "$2,000,000, and $2,000,000."

(c) In section 513, strike "and $10,000,000 on July 1 of each of the years 1950, 1951, 1952, and 1953" and insert "$10,000,000, and $10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954."

SEC. 912. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

SEC. 913. Section 3491 of the Revised Statutes, as amended, is hereby amended as follows:

(a) Strike the last sentence of clause (C).

(b) In the first sentence of clause (E) strike the words "for disclosure of the information or evidence not in the possession of the United States when such suit was brought" and insert in lieu thereof "for the collection of any forfeiture and damages."

ACT OF CONTROLLING

SEC. 914. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 915. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances.

Mr. MAYBANK subsequently said: Mr. President, I submit an amendment intended to be proposed by me to House bill 7839, the Housing Act of 1954, which was reported earlier today by the Senator from Indiana [Mr. CAPEHART], the chairman of the Banking and Currency Committee. I ask that the amendment lie on the table, be printed, and printed in the RECORD, following the printing of the bill.

There being no objection, the amendment was received, ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page —, beginning with line —, strike out all of paragraph (1) of section 401 and insert in lieu thereof the following:

"(1) by adding at the end of section 10 (e) thereof the following new subsection:

"'(1) Notwithstanding any other provision of law, after the date of enactment of the Housing Act of 1954, the Public Housing Administration shall not enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, for any additional projects or dwelling units.'"

PAYMENT OF ANNUITIES TO WIDOWERS OF FEMALE EMPLOYEES WHO DIE IN SERVICE

Mr. UPTON. Mr. President, the records of the Civil Service Commission disclose that approximately 340,000 women who are employed by the Federal Government are covered by the Civil Service Retirement Act. These women have made and are making to the retirement fund the same contributions that are made by male employees; but in case of death, the survivors of these women employees are not accorded the same rights as those accorded to the survivors of male employees of the Government. It would seem that these women employees and their survivors are entitled to equal treatment under the act.

So, Mr. President, on behalf of myself, the Senator from Maine [Mrs. SMITH], the Senator from Maine [Mr. PAYNE], the Senator from New Hampshire [Mr. BRIDGES], the Senator from New York [Mr. IVES], and the Senator from Massachusetts [Mr. SALTONSTALL], to amend section 12 of the Civil Service Retirement Act, I introduce a bill to provide for the payment of the same annuities thereunder to the survivors of women who die in the service as are paid to the survivors of male employees; and I request that the bill be appropriately referred.

The bill (S. 3535) to amend section 12 of the Civil Service Retirement Act of May 29, 1930, as amended, so as to provide for the payment of annuities thereunder to the widowers of female employees who die in service, introduced by Mr. UPTON (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

FAIR CODE OF INVESTIGATING PROCEDURES

Mr. LEHMAN. Mr. President, yesterday I joined with 18 other Senators in submitting Senate Resolution 256, to provide for a fair code of investigating procedures. Later in the day, in remarks in the Senate discussing the provisions of the code, I pointed out that one of the unique features of this proposal is that it contains provision for making the code readily and constantly enforcible, a feature not contained in any previous proposal for code legislation introduced in the Senate.

Mr. Roscoe Drummond, a journalist noted for his objectivity, who is chief

of the Washington bureau of the New York Herald Tribune, has written an excellent column, published in this morning's Herald Tribune, summarizing the various fair-code proposals, and calling special attention to the desirability of an enforcement provision. Mr. Drummond also stated:

There is no doubt that the politicians are convinced that the public is convinced that something ought to be done, and I doubt if this session of Congress will pass without remedial action.

I ask unanimous consent that Mr. Drummond's article be printed in the body of the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TWO BENEFITS FROM THE HEARINGS

(By Roscoe Drummond)

WASHINGTON.—There are two incalculable benefits which seem almost certain to come from the incalculably depressing Stevens-McCarthy hearings. If these benefits are realized—and they are now clearly in the making—they will compensate for the trial and turmoil which these hearings have imposed upon the Nation. Since there was little evidence that the results could be achieved in any other way, then the misery has been well borne.

The benefits to which I refer and which have received powerful impetus from the spectacle of the Mundt inquiry are these:

1. The Eisenhower administration has finally been pushed into standing up for itself against Congressional encroachment. The President has seen his good will taken for weakness and at last he has acted to defend his executive rights and responsibilities under the Constitution and thereby to secure the separation of powers between the executive and the legislative. Time was when administration subordinates, when called before senatorial investigations, seemed to have as little support as the Christians who were thrown to the lions in the Circus Maximus. But that time has passed and morale within the executive branch is slowly but visibly coming back.

2. A new and enforcible code of fair procedure for congressional investigating committees cannot be long delayed. The leaders of both parties have seen and admitted the necessity for corrective action. Seventeen resolutions proposing reforms in congressional investigations have been introduced into the House and Senate from January 3 to May 27. On behalf of the whole Senate Republican Policy Committee, Senator HOMER FERGUSON, of Michigan, its chairman, advanced a series of 7 proposals to govern committee practices and this week 17 senior Democratic Senators and one Independent introduced the most ambitious set of rules changes yet advanced.

There is no doubt that the politicians are convinced that the public is convinced that something ought to be done, and I doubt if this session of Congress will pass without remedial action.

Both of these results will be all to the good. Certainly the McCarthy committee took every gesture of cooperation from the administration as capitulation and abandonment of the President's independent authority. When Secretary Stevens offered the committee his right arm, it wasn't long before it wanted his head.

This administration mood of being willing to give up almost anything rather than risk controversy with Senator MCCARTHY began the very first month when the Senator acted to take over negotiations with the Greek shipowners. When Harold E. Stassen demurred and ventured to suggest that this was infringement upon the constitutional responsibilities of the Executive for the conduct of foreign policy, he was actually rebuked by the President for standing up for the President. Mr. Eisenhower's intentions were superb. He thought that his generous respect for the Congress would be reciprocated by generous respect for the Executive. It wasn't, and for a time it looked as though the President was unwittingly going to allow a vital part of the authority of his office to go by default. That calamity is being averted and the Stevens-McCarthy hearings have provided whatever final ingredient of iron was needed.

A new code for fair procedure in congressional investigations is now virtually assured. The purpose is not to make it harder for Congressmen or easier for Communists. The protections which surround trial by jury may at times have the effect of aiding the accused who later may be proved guilty, but they are necessary to protect the innocent.

The main consequences of the proposals which now have wide bipartisan support are to end one-man investigations, stop the purposeful, selective leaking of executive testimony, give the accused a chance to cross-examine witnesses when his character has been attacked, and allow counsel.

There is one basic difference between the Republican policy committee's code and the collectively sponsored Democratic code. The Republican proposal is not enforceable. It leaves the choice to each committee chairman. The Demoratic proposal is enforceable. It has teeth. The Senate would make the code mandatory and would create an enforcing committee made up of the Vice President and two Senators from each party.

An enforceable code would seem absolutely essential. It is hard to see how fair procedure is something which a committee chairman can elect or reject at will. I believe such a code will strengthen, not weaken, congressional investigations. The Stevens-McCarthy investigation has exuded fair play at such length to both the executive and elected principals to the controversy that it would seem as though a little of it could flow over to just plain citizens.

THE DISTRICT OF COLUMBIA CORPORATION ACT OF 1954

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 238, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 3704) to provide for the incorporation, regulation, merger, consolidation, and dissolution of certain business corporations in the District of Columbia, the Clerk of the House is authorized and directed to make the following correction:

In the second sentence of section 36 of the bill strike out "at which is quorum" and insert in lieu thereof "at which a quorum."

Mr. KNOWLAND. Mr. President, I ask unanimous consent for the present consideration of the concurrent resolution. I have taken up this matter with the acting minority leader, and it is agreeable to him.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 238) was considered and agreed to.

The PRESIDING OFFICER. Is there further routine business? If not, morning business is concluded.

ADDITIONAL FEDERAL DISTRICT AND CIRCUIT JUDGES

Mr. WATKINS. Mr. President, I ask unanimous consent that I may proceed for 15 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

Mr. KNOWLAND. Mr. President, I shall not object, because I understand the Senator from Utah has an engagement he must keep. However, I hope there will not be additional requests to make speeches at this time, because under the unanimous-consent agreement that has been entered, the Senate is now proceeding under controlled time. However. I shall not object to this one request, if the acting minority leader does not object to it.

The PRESIDING OFFICER. Is there objection?

Mr. CLEMENTS. Mr. President, I assure the Chair that the acting minority leader has no objection.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senator from Utah may proceed for 15 minutes.

Mr. WATKINS. Mr. President, at the time the second Federal district judgeship for Utah was under consideration by the 83d Congress, there was some criticism, both from within my own State and from a few Members of the Congress, that a second judgeship for Utah was unnecessary. That criticism subsided with passage of the first omnibus judgeship bill. However, since the criticism was raised, and since my position and my State were the objects of a good measure of that criticism, I feel entitled to sufficient time to make this explanation now that a distinguished Utah attorney, A. Sherman Christenson, has been confirmed as Utah's second district judge and is about to embark upon what should be a brilliant career in the Federal judiciary system.

I shall not take time now to repeat the arguments I offered before the House Judiciary Committee in support of the additional Utah judgeship provided in Senate bill 15. Suffice it to say that some of those reasons I offered are now reflected in a new policy statement of the Senate Judiciary Committee, which takes the position that every State should have a minimum of two Federal district judges. In fact, a legislative proposal to accomplish this objective has been introduced into the Senate by the distinguished senior Senator from Nevada [Mr. MCCARRAN].

This measure, Senate bill 2910, reported favorably by the unanimous vote of the Senate Judiciary Committee on May 10, provides for additional circuit and district judges, including a second Federal district judge for the five remaining States—Maine, New Hampshire, Rhode Island, Vermont, and Wyoming—which at this time do not have the recommended minimum of two judges.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. WATKINS. I yield for a question.

Mr. BARRETT. The Senator has just stated that Wyoming, among other

States, is entitled to an additional Federal judge under the terms of the bill reported by the Judiciary Committee to the Senate. Is that correct?

Mr. WATKINS. That is correct.

Mr. BARRETT. I wish the RECORD to show that I did not request the committee to allow an additional Federal judge for Wyoming. As a matter of fact, I opposed the inclusion in the bill of a provision giving our State an additional judge.

I did so advisedly, for the reason that we do not need an additional judge in Wyoming. The appointment of an additional judge in our State would be a waste of public funds. It would cost the country about $75,000 a year.

Our Federal court is now, and has been for the past 20 years, up to date with its docket. It has never been behind time at any period during the entire 20 years. The Federal judge of Wyoming, Hon. T. Blake Kennedy, not only is able to keep the docket up to date, but in addition, he has been called upon to serve in various States in the East and in the West for periods of from 30 to 60 days each year.

So I should like to ask the Senator from Utah by what reasoning a State such as Wyoming should be tendered an additional Federal judgeship when there is no demand for it, and, especially, as a further reason, when there is no necessity for an additional judge in the State.

Mr. WATKINS. If the Senator will listen to my address he will understand the reason for the position taken by the Judiciary Committee. I am sorry I cannot go into further detail at this time, because my time is limited.

Mr. BARRETT. I should like to ask the Senator to explain to me, if he will, why a State should be forced to accept an additional Federal judge, when no request has been made for such judgeship. If the reason for providing another judge is the possibility that someone may file an affidavit of prejudice against the presiding judge, I invite attention to the fact that there are judges within a little more than 100 miles from Cheyenne, where the court sits, and an additional judge could be called in for an isolated case or two.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. KNOWLAND. I asume that there will bc ample time for debate on the merits of the proposed legislation when it comes before the Senate. It was with some reluctance that I withheld objection to the interference with the unanimous-consent agreement. I hope the Senator from Utah will be able to complete his speech within the 15-minute period, so that it may be in the RECORD intact. Then we can have a general debate. I think some of the points raised by the Senator from Wyoming are perhaps worthy of further attention.

Mr. WATKINS. Resuming with my prepared text, the Judiciary Committee report on the new omnibus judgeship bill summarizes the reasons for the increase, which provides for at least two Federal district judges for each State in the Union. The attention of the Senate is called to this summary, which I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, the summary may be printed in the RECORD, as requested.

(See exhibit 1.)

Mr. WATKINS. The pertinent reasons for this increase stated by the committee include—

First. It will reduce the likelihood of future caseload trouble, which has required remedial legislation in many other districts.

Second. It will insure at all times the availability of a district judge to the people of the State when needed.

Third. It will create a pool of judges for assignment wherever needed in other States of the Union. I shall demonstrate later that they are needed.

Fourth. It will save time and expense for both the litigants and the Government in cases in which a single district judge is disqualified and a new judge must be sent in from outside the State.

In considering the omnibus judgeship bill which was enacted early in January 1954, the Congress took into consideration the normal growth of the States which were scheduled for additional Federal judges.

The Utah situation was given serious consideration. It was pointed out that the number of judges in the State courts there had been increased several times from statehood until the present time, while there had been no increase whatsoever in the number of judges in the Federal court.

It also was pointed out that in recent years there had been vast development of oil and gas fields and that mining had been given a significant boost through the discovery of uranium in large quantities in southeastern Utah. Much of this development is taking place under the direction of corporations, partnerships, and individuals whose residence is outside of the State of Utah. This diversity of citizenship gives the Federal court jurisdiction over litigation affecting these parties.

Notice was taken of the possibility that litigation would increase in the Federal court as a result of this increased business activity by out-of-State interests, especially considering the possibilities for conflict over boundary lines, claim locations, and leaseholds.

In addition, it was recognized that there had been a heavy increase in the State's population since the beginning of World War II. The State's present population is estimated at about 700,000, and the rate of growth is still high.

Another consideration, insofar as Utah is concerned, is that the Utah State courts are carrying a considerable load of cases which normally would be filed in the Federal court. Furthermore, a check which I have made indicates that there has been a decrease in removal of cases from State to Federal courts in the past 4 years.

In naturalization matters, for example, both State and Federal courts have jurisdiction. In Utah it has been the practice in the past for the State courts to process naturalization petitions to a large extent. With two judges available, more of these proceedings would be routed to the Federal court, thereby relieving the State courts of this load.

In addition, the presence of a second judge will help insure that the pressure of the caseload in Utah will not result in cases being tried too hastily. Judging from my own experience as a trial judge in a State court, and from the opinions of other judges with whom I have conferred, there appears to be a decided feeling that no judge should be put in a position in which he is required to try cases hastily in order to keep his docket current. In far too many courts where the caseload has been increasing, judges are prone to adopt a speedup policy. While one case is still being tried, the parties to litigation, their attorneys and witnesses, in a case next on the docket, are required to sit in court, waiting for the case being tried to be finished.

This speedup practice proceeds on the theory that a case being tried may end at any moment, and, since no time should be lost, the case scheduled to follow should come on immediately at conclusion of the case on trial. Under such a practice, the litigants are subjected to heavy additional expense because of the standby service of counsel and witnesses, while, at the same time, the judge is under heavy pressure to finish a case speedily because of the fact that parties to the next case are waiting in the courtroom.

It is neither fair nor economical for a judge to try cases under such a situation. The only justification for such a practice would be in an extreme situation where it was otherwise impossible to keep a docket current.

Hastily tried cases are frequently tried very poorly. Litigants become dissatisfied and appeals are frequent. This all adds to increased expenditure of time and money, both by the Government and the parties to the litigation.

Judicial authorities have pointed out that caseload per judge should not be so heavy that the judge in question cannot give careful attention to preliminary study of the case, calmly review the law which is applicable, and then proceed in an orderly manner to try the case and to weigh the evidence introduced during the trial and the arguments presented at its conclusion. Provision for a second judge will help insure such an orderly approach to the administration of justice in the State of Utah and in all the other 47 States if the policy of the Senate Judiciary Committee prevails.

These views on the need for a second Federal judge in my State appeared to me to be sound and self-evident. However, some persons protested that a second judge was unnecessary, largely on the ground of economy. Some even inferred that if a second judge were appointed, he would have nothing to do. In view of these protests, I felt it essential to obtain the views of the Chief Judge of the Tenth Circuit Court of Appeals, the immediate authority of the Utah Federal district judges. Hence I wrote to Chief Judge Orie L. Phillips, of

Denver, asking if the two Utah judges would be kept busy in the 10th circuit.

Judge Phillips assured me that both Federal judges in Utah would be kept fully occupied, either in their own district or in discharging duties in other districts within the circuit. He said, moreover, that he preferred to assign a judge for outside service from a district that had two judges, inasmuch as the home district, therefore, would not be deprived of a judge to take care of routine administrative matters and emergency actions required from time to time.

I ask unanimous consent that Judge Phillips' letter be printed in full at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. WATKINS. Mr. President, because of my work on the Senate Judiciary Committee, I am fully aware of the increasing workload of the Federal judiciary system and for the need of a judges' pool from which judges who are not fully occupied may be called to help reduce the backlog of cases in overburdened districts. I was personally sold on the pool idea, especially a pool made up of assigned district judges who could keep cases current and provide constant and adequate service within their own districts and then be subject to assignment to other districts and circuits where the need existed.

Accordingly, when I wrote for an expression from Judge Phillips, I also addressed a letter of inquiry to Chief Judge Harold M. Stephens of the United States Court of Appeals for the District of Columbia Circuit. I inquired of Judge Stephens if a Federal judge of one district could be assigned to temporary duty in another circuit if the need existed. I did this because I felt that some persons had given undue emphasis to the case workload in the Utah district, whereas the Utah court is only one of the complete system of district and circuit courts blanketing the geographic area of the United States and its Territories. The establishment of a judges' pool is an affirmation of this interrelationship of all the Federal courts.

Judge Stephens informed me on March 22, 1954, that the Chief Justice is authorized to assign temporarily a district judge in one circuit for service in another circuit, either in a district court or in a circuit court.

The distinguished chief judge of the District Appeals Court, who, incidentally, is a native of Utah, also gave some illuminating statistics on current workload in the Federal courts. During the fiscal year of 1953, he wrote, 102,292 civil and criminal cases were filed in Federal district courts, presided over by 224 district judges. According to my arithmetic, that works out to an average of about 457 cases per judge, a caseload much too heavy to assure expeditious justice to the litigants involved. Furthermore, this caseload is increasing every year.

Judge Stephens stated that assistance of judges from the districts and circuits less heavily laden is constantly needed and furnished wherever possible. He further pointed out that the general increase in the civil business of the district courts was restricting assignments of district judges for service outside their own circuits. Many judges, he wrote, who formerly had time to spare from the work in their own districts, now are finding it increasingly difficult to keep up with their own calendars.

I ask unanimous consent that Judge Stephens' letter may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. WATKINS. Mr. President, the congestion in the Federal courts was stressed by Chief Justice Earl Warren in a recent speech before the American Law Institute. The Washington Post of May 21 reported the Chief Justice's comments as follows:

> The average wait between filing a case and adjudication has grown from 10½ months in 1945 to 14 months in 1954. In New York City's district court, the average case takes 47.3 months to make its way through the district court—almost 4 years, the Chief Justice declared.
>
> "Justice delayed 2, 3, and even 4 years in the trial courts is justice denied to many litigants," Warren said. He explained many litigants can't afford to wait that long on their suits and have to accept compromising settlements.

I discussed the assignment of district judges to help relieve the congestion of cases on dockets of more populous States with Chief Justice Warren. It is his duty to make assignments from one circuit to another.

He assured me that the services of all district judges would be needed for years to come in order to get all court dockets current throughout the United States. He also assured me that if perchance either or both of the Utah judges had some time to spare, he would find assignments for them in other jurisdictions.

I believe that the foregoing statements amply justify my position that a second Federal district judge is justified. However, this statement would not be complete without comment on one criticism which suggested that the Republican Party will suffer because of this action in creating another judgeship in the State of Utah.

As I recall, the Republicans in 1952 promised good government as well as economy in government. To me, the terms are synonymous, and I feel that both objectives are achieved in this action. Better judicial service means better government. And under all the circumstances, fully known to the people in the State of Utah, I believe that we will get better judicial service with 2 judges than with 1, and that, in the long run, the costs will be no greater to the Government or to the people which the court was established to serve. It is my hope and my prayer that this will be the happy result.

EXHIBIT 1

[Excerpt from S. Rept. No. 1312, entitled "Circuit and District Judges and Creation of an 11th Circuit"]

NEW MINIMUM RECOMMENDED

The third category of judgeships contemplated in the proposed legislation is based upon the theory that the judicial business of the United States has grown to such a point as to require a minimum of two judges in any given State. Those States which now have only one judge are Maine, New Hampshire, Rhode Island, Vermont, and Wyoming. These States each comprise within its territorial limits 1 judicial district so that there is under existing law only 1 Federal district judge within that State. It is the belief of the committee that at the time these judicial districts were formed perhaps the services of one judge were entirely adequate, but in the main, the population of these States has greatly increased, at least to the extent where the volume of business to be filed in the court is far greater than it was years ago. It may be true that the caseload filed and pending in any one of these courts may not be a back-breaking job for the judge now presiding to handle but most certainly the task is not an easy one. More important is the fact that some of the districts adjoining these States are those which have found themselves in dire need of help and assistance.

The result, therefore, is that oftentimes the judge in a one-judge State will leave his district to help out in places where that need is pressing. This means that during the absence of the judge there is a judicial district without the services of any judge power whatsoever. If there be need for an emergency writ or any other action by a district judge, the litigants or their attorneys must go to where the judge is presiding or await his return. This committee does not believe that any district in the United States should be without the services of a Federal district judge at all times.

Thus, if an additional district judge is provided for these 1-judge States, 3 purposes are apparent and 3 results are accomplished. First, there is reduced likelihood that the particular State in question would in the future find itself in trouble as regards its caseload as has been the case in many of the districts dealt with in previous legislation and in the instant bill. Secondly, such a provision would insure that at all times there will be a district judge available to the people of the State when needed. Thirdly, it will create a pool of judges that can be called to help out in those districts which find themselves in trouble by reason of increased filings and a heavy load of pending cases.

OTHER ADVANTAGES SEEN

In addition to these three major objectives to be achieved by this bill, there also is considered the matter of disqualification of judges in certain cases. Where there is only one judge in a State and the judge finds himself disqualified or is disqualified by one of the litigants as provided for by law, there must be sent into the district a judge from another district to handle that particular litigation. With the addition of another district judge in a one-judge district, it should readily become apparent that with such a disqualification there is another judge on hand to handle the cases. This results in somewhat of a saving as regards the overall expense of a new judge and also results in a saving of time for the reason that the trial of such a case, by calling in an outside judge, depends a great deal on when the judge is free to come.

It will be conceded that this approach and theory is new as regards the alleviation of the backlog of cases but after a study of the situation, the committee is convinced that it is a meritorious way of attempting to handle the situation. It will be noted that in Public Law 294, there were additions made to several one-judge States, notably Idaho, Nevada, New Mexico, North Dakota, South Dakota, and Utah. The committee at that time felt that in providing judges for these States not only would the States involved be insured from finding themselves in trouble in the future, but that the serv-

ices of any judge could be used where necessary in other districts without depriving the States involved of its judge power.

Therefore, these provisions of the bill are made to carry out to the ultimate, and to provide for the remaining one-judge States that relief and that insurance they deserve, with the added feature of enlarging the pool of judges which may be available to trouble shoot those districts which are in need. The committee is sincerely of the opinion that these provisions are meritorious and necessary to help in laying a foundation for the sound judicial dispatch of the business of the Federal courts and recommends that these provisions be given the approval of the Senate.

EXHIBIT 2

UNITED STATES COURT
OF APPEALS, 10TH CIRCUIT,
Denver, Colo., March 12, 1954.

Hon. ARTHUR V. WATKINS,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: This will acknowledge your letter of March 8, inquiring with respect to the assignment of United States district judges to service in other districts.

As you of course know, Congress has recently provided an additional judge for Colorado and additional judges for New Mexico and Utah on a temporary basis. The Colorado district has a very heavy docket and the caseload is increasing in that district. With the additional judge provided for Colorado, it will still be necessary for me to assign judges from other districts to the Colorado district to bring the docket to a current condition and to keep it current. I shall also need additional help in Kansas until a third judge is provided for the Kansas district.

While the two judges in Utah will not be fully occupied in that district, an additional judge in Utah, available, as he will be, at any time I call on him, will be very helpful to me in giving assistance in other districts, whenever needed. I can assure you that both judges in Utah will be kept fully busy in that district and in discharging assignments to other districts. Moreover, I much prefer to assign a judge for outside service from a district which has two judges. That leaves one judge at home to take care of routine administrative matters and emergency matters that arise from time to time.

You are at liberty to make such use of this letter as you deem proper.

With kind personal regards, I am

Yours sincerely,

ORIE L. PHILLIPS,
Chief Judge.

EXHIBIT 3

MARCH 22, 1954.

UNITED STATES COURT OF APPEALS,
DISTRICT OF COLUMBIA CIRCUIT,

Hon. ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WATKINS: In response to your request for information concerning the assignment of United States judges from one judicial circuit or district to another for the purpose of aiding in the disposition of cases in overburdened circuits or districts by supplying judges whose case loads in their own circuits or districts are such as to make it possible for them to give aid elsewhere without detriment to their local duties, I beg to reply as follows:

The pertinent statutory provisions are sections 291 to 296, inclusive, of title 28, United States Code. I enclose herewith a copy of those provisions; they are not lengthy and they are self-explanatory. Briefly, and so far as material to your inquiry, they inter alia permit the chief judge of a circuit in the public interest to designate and assign temporarily any district judge of the circuit to hold a district court in any district within the circuit; they also permit the Chief Justice of the United States to designate and assign temporarily a district judge of one circuit for service in another circuit, either in a district court or a circuit court, upon presentation of a certificate of necessity by the chief judge or circuit justice of the circuit wherein the need arises and by consent of the chief judge or judicial council of the circuit from which a judge is to be designated and assigned.

For your further information, I append a letter of March 19, 1954, from Mr. Will Shaforth, Chief of the Division of Procedural Studies and Statistics of the Administrative Office of the United States Courts. This letter was written in response to my request in your behalf. The letter shows, in table I, that during the fiscal year 1953 there were 659 separate days on which trials were held in district courts by visiting judges, that is, judges assigned either from one district to another within a circuit or from one circuit to a district in another circuit. The number of cases tried by such judges was 314. The letter shows, in table II, the names of visiting judges and their home district who in the 10th circuit in the fiscal year 1953 were assigned to service in districts in that circuit and the total number of days spent in trials by such judges. You will note that the total number of trial days spent by such visiting judges was 73.

In the fiscal year 1953, 102,292 cases, civil and criminal, were filed in the United States district courts. There were 224 district judges. In the United States courts of appeals, 3,043 appeals were docketed; there were 65 circuit judges. With this case load the pressure of work, especially in the metropolitan areas, was very heavy. Assistance of judges from the districts and circuits less heavily laden is constantly needed and is furnished wherever possible, although the very general increase in the civil business of the district courts is restricting assignments of district judges for service outside of their own circuits since many judges who formerly had time to spare from the work in their own districts now find it difficult to keep up with their own calendars.

Sincerely yours,

HAROLD M. STEPHENS,
Chief Judge.

WATER FOR IRRIGATION AND DOMESTIC USE FROM THE SANTA MARGARITA RIVER, CALIF.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

The PRESIDING OFFICER (Mr. BUSH in the chair). Under the terms of the unanimous-consent agreement entered into, debate on any amendment or motion, including appeals, is limited to not exceeding 60 minutes, to be equally divided and controlled, respectively, by the mover of any amendment or motion and the Senator from California [Mr. KUCHEL], and debate upon the bill itself is limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from California [Mr. KUCHEL] and the Senator from Illinois [Mr. DOUGLAS].

Mr. JOHNSON of Colorado rose.

Mr. KNOWLAND. Mr. President, I wonder whether the Senator from Colorado would be agreeable to having a quorum call at this time, in order to alert the Senator from Illinois [Mr. DOUGLAS].

Mr. JOHNSON of Colorado. Is it understood that the time consumed in calling a quorum shall be charged equally to both sides?

Mr. KNOWLAND. That is correct; the time consumed in the calling of the quorum is to be charged equally to both sides.

Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time consumed in calling the roll be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. FULBRIGHT. Mr. President, reserving the right to object, on whose time is the call being made?

Mr. KNOWLAND. It was agreed originally that it would come out of the time of both sides.

Mr. FULBRIGHT. Out of the 2 hours remaining on the bill after the amendments have been discussed?

Mr. KNOWLAND. Yes.

Mr. FULBRIGHT. Does the Senator propose to proceed without any Senators present? I intend to make some remarks about the bill. I think we should have a quorum present, and I object.

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

The legislative clerk resumed the call of the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call of the roll be rescinded.

Mr. DOUGLAS. I object.

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	Fulbright	Magnuson
Barrett	George	Martin
Bennett	Gore	Millikin
Bridges	Hayden	Monroney
Bush	Hill	Potter
Capehart	Holland	Robertson
Case	Jackson	Russell
Clements	Johnson Colo.	Smathers
Cordon	Johnston S. C.	Upton
Daniel	Kefauver	Watkins
Dirksen	Kilgore	Wiley
Douglas	Knowland	Williams
Ellender	Kuchel	Young
Frear	Long	

Mr. KNOWLAND. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from North Dakota [Mr. LANGER] is absent on official business.

The Senator from Nebraska [Mrs. BOWRING], the Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Maine [Mr. PAYNE], the Senator from Connecticut [Mr. PURTELL], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH], the Senator from Idaho [Mr. WELKER], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Virginia [Mr. BYRD], the Senators from Mississippi [Mr. EASTLAND and Mr. STENNIS], the Senator from Missouri [Mr. HENNINGS], the Senator from Texas [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oklahoma [Mr. KERR], the Senator from North Carolina [Mr. LENNON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from West Virginia [Mr. NEELY], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

The PRESIDING OFFICER. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of the absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BEALL, Mr. BUTLER of Nebraska, Mr. CARLSON, Mr. CHAVEZ, Mr. COOPER, Mr. DUFF, Mr. DWORSHAK, Mr. FERGUSON, Mr. GILLETTE, Mr. GOLDWATER, Mr. GREEN, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. HUNT, Mr. IVES, Mr. JENNER, Mr. LEHMAN, Mr. MALONE, Mr. MANSFIELD, Mr. MAYBANK, Mr. MCCARTHY, Mr. MUNDT, Mr. SCHOEPPEL, Mrs. SMITH of Maine, Mr. SPARKMAN, and Mr. SYMINGTON entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. AIKEN in the chair). A quorum is present.

The amendment reported by the committee will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause, and to insert in lieu thereof the following:

That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (act of June 17, 1902 (32 Stat. 388)), and acts amendatory thereof or supplementary thereto, as far as those laws are not inconsistent with the provisions of this act, is authorized to construct, operate, and maintain such dam and other facilities as may be required to make available for irrigation, municipal, domestic, military, and other uses the yield of the reservoir created by De Luz Dam to be located immediately below the confluence of De Luz Creek with Santa Margarita River on Camp Joseph H. Pendleton, San Diego County, Calif., for the Fallbrook Public Utility District and such other users as herein provided. The authority of the Secretary to construct said facilities is contingent upon a determination by him that—

(a) the Fallbrook Public Utility District shall have entered into a contract under subsection (d), section 9, of the Reclamation Project Act of 1939 undertaking to repay to the United States of America appropriate portions, as determined by the Secretary, of the actual costs of constructing, operating, and maintaining such dam and other facilities, together with interest as hereinafter provided; and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2 (b) of this act; and

(b) the officer or agency of the State of California authorized by law to grant permits for the appropriation of water shall have granted such permits to the United States of America and shall have granted permits to the Fallbrook Public Utility District for rights to the use of water for storage and diversion as provided in this act; including, as to the Fallbrook Public Utility District, approval of all requisite changes in points of diversion and storage, and purposes and places of use;

(c) The Fallbrook Public Utility District shall have agreed that it will not assert against the United States of America any prior appropriative right it may have to water in excess of that quantity deliverable to it under the provisions of this act, and will share in the use of the waters impounded by the De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in section 3 (a) of this act;

(d) a net safe yield of not less than 20,000 acre-feet per annum after the first filling of the conservation storage space of De Luz Reservoir can reasonably be expected under the permits granted by the State of California in clause (b) hereof, after considering the exercise or probable exercise of all existing rights to the use of water within the stream system of the Santa Margarita River, including rights to the use of water which the United States of America acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of the water as a part of said acquisitions, or through actual use or prescription or both, since the date of that acquisition, and the hydrology of the Santa Margarita River determined in accordance with accepted engineering practices.

SEC. 2. (a) In the interest of comity between the United States of America and the State of California and consistent with the historic policy of the United States of America of Federal noninterference with State water law, the Secretary of the Navy shall promptly comply with the procedures for the acquisition of appropriative water rights required under the laws of the State of California as soon as he is satisfied, with the advice of the Attorney General of the United States, that such action will not adversely affect the rights of the United States of America under the laws of the State of California.

(b) The Department of the Navy will not be subject to any charges or costs in connection with the De Luz Dam or its facilities, except upon completion and then shall be charged in reasonable proportion to its use of the facilities under regulations agreed upon by the Secretary of the Navy and Secretary of the Interior.

SEC. 3. (a) The operation of the dam and other facilities herein provided shall be as agreed to by the Secretary of the Navy and the Secretary of the Interior. In that operation, 60 percent of the water impounded by De Luz Dam is hereby allotted to the Secretary of the Navy; 40 percent of the water impounded by De Luz Dam is hereby allotted to the Fallbrook Public Utility District. The Department of the Navy and the Fallbrook Public Utility District will participate in the water impounded by De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in the preceding sentence: *Provided, however*, That at any time the Secretary of the Navy certifies that he does not have immediate need for any portion of the aforesaid 60 percent of the water, the official agreed upon to administer the dam and facilities is empowered to enter into temporary contracts for the delivery of water subject, however, to the first right of the Secretary of the Navy to demand that water without charge and without obligation on the part of the United States of America upon 30 days' notice as set forth in any such contract with the approval of the Secretary of the Navy: *Provided further*, That all moneys paid in to the United States of America under any such contract shall be covered into the general fund of the Treasury, and shall not be applied against the indebtedness of the Fallbrook Public Utility District to the United States of America.

(b) The general repayment obligation of the Fallbrook Public Utility District (which shall include interest on the unamortized balance of construction costs of the project allocated to municipal and domestic waters at a rate equal to the average rate, which rate shall be certified by the Secretary of the Treasury, on the long-term loans of the United States outstanding on the date of this act) to be undertaken pursuant to section 1 of this act shall be spread in annual installments, which need not be equal, over a period of not more than 56 years, exclusive of a development period, or as near thereto as is consistent with the operation of a formula, mutually agreeable to the parties, under which the payments are varied in the light of factors pertinent to the irrigator's ability to pay. The development period shall begin in the year in which water for use by the district is first available, as announced by the Secretary, and shall end in the year in which the conservation storage space in De Luz Reservoir first fills but shall, in no event, exceed 17 years. During the development period water shall be delivered to the district under annual water rental notices at rates fixed by the Secretary and payable in advance, and any moneys collected in excess of operation and maintenance costs shall be credited to repayment of the capital costs chargeable to the district and the repayment period fixed herein shall be reduced proportionately. The Secretary may transfer to the district the care, operation, and maintenance of the facilities constructed by him under conditions satisfactory to him and to the district and, with respect to such of the facilities as are located within the boundaries of Camp Pendleton, satisfactory also to the Secretary of the Navy.

(c) For the purposes of this act the basis, measure, and limit of all rights of the United States of America to the use of water to which this act pertains shall be the laws of the State of California.

(d) Nothing in this act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which it acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both, since the date of that acquisition, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it

has such rights, or to require the division under this act of water to which it has such rights.

(e) Unless otherwise agreed by the Secretary of the Navy, De Luz Dam as herein provided shall at all times be operated in a manner which will permit the free passage of all of the water to the use of which the United States of America is entitled according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisitions, or through actual use, or prescription or both, since the date of that acquisition and will not be administered or operated in any way which will impair or deplete the quantities of water to the use of which the United States of America would be entitled under the laws of the State of California had that structure not been built.

SEC. 4. After the construction of the De Luz Dam, the official operating the reservoir shall deliver water to the Fallbrook Public Utility District, pursuant to regulations agreed upon by the Secretary of the Navy and the Secretary of the Interior, as follows:

(1) Not in excess of 1,800 acre-feet in any year until the reservoir attains an active content of 63,000 acre-feet;

(2) Not in excess of 4,800 acre-feet in any year after the reservoir attains an active content of 63,000 acre-feet, and until said reservoir attains an active content of 98,000 acre-feet; and

(3) Not in excess of 8,000 acre-feet in any year after the reservoir attains an active content of 98,000 acre-feet and until the conservation storage space of the reservoir has been filled.

SEC. 5. The Secretary of the Army through the Chief of Engineers, acting in accordance with section 7 of the Flood Control Act of 1944 (58 Stat. 887), is authorized to utilize for purposes of flood control such portion of the capacity of De Luz Reservoir as may be available therefor.

SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, $22,636,000, the current estimated construction cost of the Santa Margarita River project, plus or minus such amounts as may be indicated by the engineering cost indices for this type of construction, and, in addition thereto, such sums as may be required to operate and maintain the said project.

SEC. 7. From time to time the Attorney General, the Secretary of the Interior, and the Secretary of the Navy shall report to the Congress concerning the conditions specified in section 1 of this act, and the first report thereon shall be submitted to the Congress no later than 1 year from the date of enactment of this act.

The PRESIDING OFFICER. The amendment is open to amendment.

Mr. DOUGLAS. I call up my amendment to the committee amendment, identified as "5-27-54-B"; I ask that it be read and made the pending question.

The PRESIDING OFFICER. The amendment submitted by the Senator from Illinois to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 6, in line 24, after the word "That", it is proposed to insert "(a)".

In the committee amendment on page 9, between lines 8 and 9, it is proposed to insert the following:

(b) Nothing in this act shall be construed to authorize the Fallbrook Public Utility District to apply for or obtain permits to appropriate and use water to which the United States of America has prior rights under the laws of California. This act is only intended to provide for the storage and distribution of water remaining after the needs of the United States of America have first been satisfied within the limits of the water to which it is entitled under the laws of California. Nothing herein is intended to abate the suit or suits now pending in the Federal courts in California and in the United States Court of Appeals for the Ninth Circuit to determine the rights of the United States of America and others in the water of the Santa Margarita River but the Justice and Navy Departments are hereby authorized and directed to prosecute said suits to final judgment notwithstanding any contrary provisions of Federal law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

The time is controlled by the Senator from Illinois [Mr. DOUGLAS] and the Senator from California [Mr. KUCHEL].

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I yield myself 15 minutes.

The purpose of this amendment is to untie the hands of the Federal Government and direct it to defend the water rights of the United States as a landowner in the Santa Margarita River Basin.

The effect of its adoption will be to give some color of reality to the provisions of the bill reciting that it is not intended to impair these water rights of the United States.

On these water rights depends the successful operation of the facilities for training and maintenance of large groups of Marine Corps personnel at Camp Joseph H. Pendleton. This is, I believe, the largest and most complete military base in the world for training in amphibious warfare. At this base one of the great Marine divisions was trained during World War II and other units were also trained there. While the numbers there vary, I can safely reveal that the population of Camp Pendleton on October 30, 1952, was 49,123. This is not classified information. The information is, instead, contained in the decision of the district court in California, and, therefore, is a matter of public record.

Mr. KILGORE. Mr. President, will the Senator yield for a question on that point only?

Mr. DOUGLAS. I yield.

Mr. KILGORE. As I understand, the purpose of the Senator's amendment is only to sustain the rights under the law of California, and to place those claiming other water under the normal rights of the United States Government. Is not that correct?

Mr. DOUGLAS. It is to permit the court to make a fair decision, with the parties properly represented, to determine what the rights actually are under the laws of the State of California.

According to the record of the court's findings and judgment in the district court in California, previous peacetime plans have looked to a population of as high as 105,000 persons at this great camp. This also is a matter of public record and is in no sense classified.

On these water rights also depend the proper functioning of the United States Naval Hospital at Camp Pendleton, with a capacity of about 1,550 beds, for the care and treatment of Armed Forces personnel.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. Is it not a fact that the Congress itself has held up further appropriations for facilities to accommodate the other Marine division, which has been in Korea, because of this water controversy?

Mr. DOUGLAS. I am not certain. I do not know whether that is the case or not.

Mr. FULBRIGHT. I am informed that such is the case.

Mr. DOUGLAS. These water rights also serve the needs of the great United States Naval Ammunition Depot, Fallbrook, Calif., and of 5,000 to 6,000 acres under lease for agricultural uses.

The aggregate costs of the installations served by the water rights my amendment would protect are, I am advised, about $130 million.

This is not some trival, inconsequential bureaucratic veriform appendix. It is part of the Nation's essential bone and sinew and vitals of defense. The great number of persons involved, the important functions they have been assigned for the Nation's defense, and the size of the Federal investment represented there, together constitute a national interest of prime importance which the Federal water rights in the Santa Margarita River may serve—if they are not surrendered, or otherwise lost by indifference or neglect.

These water rights were acquired by the Government's purchase in 1941–43 of the former Santa Margarita Ranch and by use and prescription since then.

As the hearings make clear, other interests, notably the Fallbrook public utility district, have made claims to and diverted waters from this same river to an extent which in the opinion of the responsible officials at Camp Pendleton jeopardize those Defense Establishments, and their personnel and services.

Let me make it clear that I do not assert those private claims are baseless. I do not deny their right also to legal definition and protection. But they were conflicting. Law suits to decide those conflicting claims under California law were the obvious and proper result.

But as the debate of yesterday revealed, unprecedented roadblocks were placed in the path of Federal prosecution of these suits. Misled by widely circulated but incorrect reports that the Federal Government was grasping for water rights other than as a landowner and water user on Santa Margarita Ranch, Congress by riders on appropriations bills in 1952 and 1953 has forbidden the use of Federal funds to prosecute the cases and protect the legitimate Federal water rights there. These riders were attached to bills approved July 10, 1952, August 1, 1953, and August 5, 1953. I hold in my hand copies of those appropriation bills, with the riders.

As the debate has also revealed, however, the limit of the Federal claim is to riparian and appropriative rights as a ranch owner under California law. This seemed clear to me from the original complaint, filed early in 1951. This was also stipulated—in effect, a binding agreement—in the pending case by Government counsel, to remove the misunderstandings or misrepresentations, as long ago as November 1951.

I read the relevant sections of that stipulation in the debate yesterday. However, it is important that all Members of the Senate realize today that in November 1951 the Government and the State of California stipulated what the issues were. I wish to read from the stipulation:

II

That in this cause, the United States of America claims only such rights to the use of water as it acquired when it purchased the Rancho Santa Margarita, together with any rights to the use of water which it may have gained by prescription or use, or both, since its acquisition of the Rancho Santa Margarita.

III

That the United States of America claims by reason of its sovereign status no right to the use of a greater quantity of water than is stated in paragraph II hereof.

I have just read paragraph 2.

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I prefer not to yield, as my time is limited.

Mr. DANIEL. How much later than the filing of the original complaint was this stipulation entered?

Mr. DOUGLAS. About 10 months.

I read further from the stipulation:

IV

That the rights of the United States of America to the use of water herein are to be measured in accordance with the laws of the State of California.

This point was also made clear in Senate debate on March 27, 1952, by the distinguished senior Senator from Wyoming, Mr. O'Mahoney. Yet in July 1952, and again twice in August, 1953, the Congress was persuaded to accept riders barring funds for the Federal prosecution of the suits to define and protect these Federal water rights. I find it hard to discover any reasonable excuse for those who most actively promoted the fears of a Federal "mailed fist," long after it was clear—in 1951—that only riparian and appropriative water rights were being claimed for the Federal Government, and those rights were only being claimed under the laws of the State of California. The Federal Government was not asserting any right over inland waters. It was not even using the right of eminent domain in connection with military establishments. Yet so pervasive has been the effect of this misrepresentation that I find the same shackling riders in the 1955 appropriations bills for Justice and Defense, H. R. 8067 and H. R. 8873, as adopted by the House and now before the Senate Committee on Appropriations.

Indeed, truth seems to have a hard time getting its boots on in time to stop irreparable damage to Federal interests. And yet the counsel for claimants opposed to the Government have conceded as recently as April 12, 1954, that the Government is proceeding fairly under that 1951 stipulation.

Yesterday I placed in the RECORD the statement by the State of California reading as follows:

Under these circumstances, the State of California feels called upon to advise this honorable court that the United States has faithfully adhered to the stipulation. We disagree with the United States as to just what California law provides, but there can be no doubt of the sincerity of the United States in recognizing that the courts should apply California law to this litigation.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I gladly yield.

Mr. FULBRIGHT. Was that statement made by the State of California?

Mr. DOUGLAS. That statement was made by the State of California, admitting that the Federal Government had lived up to its stipulation and was making no other claim for water rights other than those which it acquired as the purchaser of the land and user of the water.

The alleged reason for the handcuffs placed on the Departments of Justice and Navy has been completely removed, therefore, and the simple question remains: Will Congress insist on letting these critically important Federal water rights be tested and decided, as against strongly defended private interests, without any federally supported legal efforts? Will it send the water rights at Camp Pendleton into a "fixed" fight with adverse interests? Will it so prefer the interests of the 5,000 persons on the 8,000 acres of Fallbrook district—who are also entitled to their day in court—that it will not even permit the Government to defend against them?

I am not arguing that Fallbrook Utility District is not equally entitled to have its water rights tried and decided in court, merely because only 5,000 persons and 8,000 acres are involved in its claim.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. Does the Senator from Illinois feel that is an example of the rights of a State, or is it an example of an interference with the Federal Government.

Mr. DOUGLAS. It is an interference with the Federal Government, and an attempt to tie the hands of the Federal Government so that it cannot even argue its case in court under the admittedly governing State laws.

Mr. FULBRIGHT. Does it not seem to the Senator from Illinois that a States righter would be willing to have the law of the State apply and to let the issue be decided by a court? Is that not correct?

Mr. DOUGLAS. That is correct; and the Government wants the law of California to apply.

I do say I cannot understand why the rights of the United States are not entitled to at least equal consideration and advocacy—why those rights of the Nation should not be defended—why a transparently false excuse should still be allowed to hamper a fair legal test.

I cannot believe the sponsors of this bill or the Senate would knowingly approve such a course. Yet in its present form, without my amendment, that is precisely the effect this bill would have. There are express provisions in the bill, of course, in sections 1 (d), 2 (a), 3 (d), and 3 (e) which appear to acknowledge the water rights of the United States acquired by acquisition of the Camp Pendleton lands and by use or prescription. But the appropriation-bill riders prohibiting the expenditure of Federal funds for the preparation or prosecution of those water-right suits, will be left unimpaired. The shackles are still there on the Federal legal representatives. They are apparently being reinforced in the new 1955 appropriation bills.

The proposal of the Bureau of the Budget, on March 12, 1954, to repeal those riders and take these shackles off has not been incorporated in the bill as reported. It is clear that with new riders coming down the line, something much more positive—which my amendment is—is needed to defend the Federal rights.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. Is it not correct to say that Admiral Nunn, representing the Navy, also wishes those riders to be eliminated?

Mr. DOUGLAS. In the testimony before the Committee on Interior and Insular Affairs, he made his position perfectly clear on that point. The Senator from Arkansas is correct.

Without such a provision as my amendment includes, authorizing and directing the agencies to protect the Federal water rights in the pending litigation, there is dubious reality in the pious promise of this bill about maintaining Federal rights. Why must Uncle Sam do battle for his just rights without any legal armor or ammunition? Why is it proposed to strip the Government of the United States of the weapons which it needs to defend its interests? Can those who would thus hamper Uncle Sam avoid the suspicion that they really want him to lose? What remains of the Federal water rights if all the means to protect them are refused?

The PRESIDING OFFICER. The 15 minutes which the Senator from Illinois allotted to himself have expired.

Mr. DOUGLAS. I yield myself an additional 2 minutes.

The issue posed by my amendment takes on further importance in view of the frank concession of the junior Senator from California in debate yesterday, that if the Federal rights are maintained, as in the district court decision in the Santa Margarita Mutual Water Co. case, the De Luz Dam project probably cannot go forward under the terms of this bill. The proposed project and the lawsuit are thus directly related and cannot be treated separately.

One is forced to wonder if some of those now pushing this bill are so anxious to secure the dam and serve the worthy people of Fallbrook that they are willing to let the vital Federal water rights—so important to Camp Pendleton's opera-

tion—be lost through compulsory, unilateral, legal disarmament.

I do not profess to know precisely what those Federal rights are—any more than I know what the worthy farmers and residents of Fallbrook should enjoy as their rights. I am only urging that these complex, competing and conflicting claims and rights should be decided in the courts—with the Government's hands untied. My amendment would direct that this be done, that the Justice and Navy Departments prosecute the suits, under California law, to final judgment notwithstanding any contrary provisions of Federal law.

In fairness to the great national stake in Camp Pendleton, I hope this amendment may be approved.

Mr. KUCHEL. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from California yield, and to whom does he yield the time?

Mr. KUCHEL. How much time do I have on the amendment?

The PRESIDING OFFICER. The Senator from California has 30 minutes on the amendment.

Mr. KUCHEL. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 10 minutes.

Mr. KUCHEL. Mr. President, as I endeavored to state in yesterday's discussion with the Senator from Illinois [Mr. DOUGLAS], the pending bill represents the considered and unanimous judgment of the type of legislation which ought to be passed with respect to the waste of water in the southern part of California.

I have participated in many discussions with the Judge Advocate General of the Navy, a man who has spent his entire lifetime in the service of that branch of the Defense Establishment. He is a man who I feel is dedicated to doing what ought to be done, to the extent that he can do it, on behalf of the Navy and the Navy Department. I am glad to say again, as I said yesterday, that the Navy Department and the Judge Advocate General of the Navy favor the enactment of the bill, and the report on the desks of the Senators will indicate that fact.

Secondly, so far as the Department of Justice is concerned, in the case of that Department I dealt with the Assistant Attorney General and the report of the committee contains a letter from Attorney General Brownell indicating his full approval of the bill before the Senate.

Likewise, Mr. President, I dealt with representatives of the Department of the Interior, whose views and approval of the bill are before the Senate.

I appreciate the sincerity of my good friend from Illinois in wishing to be doubly assured that the interests of the Government of the United States are protected by the bill. I wish to allude specifically to that portion of the bill which demonstrates very clearly that that was the intention of those who drew up the bill and that that is the intention of the bill as it is now before the Senate.

Mr. FULBRIGHT. Mr. President, will the Senator from California yield?

Mr. KUCHEL. No; I prefer not to yield at this time. I should first like to make my comments. On page 12, line 13 of the bill there appears the following provision:

(d) Nothing in this act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which it acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both, since the date of that acquisition, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it has such rights, or to require the division under this act of water to which it has such rights.

What could be plainer with respect to the intention of the bill than that every drop of water to which the Government of the United States is entitled remains the property of the United States under this proposed legislation?

Specifically with respect to the amendment offered by the Senator from Illinois, the first sentence provides:

Nothing in this act shall be construed to authorize the Fallbrook Public Utility District to apply for or obtain permits to appropriate and use water to which the United States of America has prior rights under the laws of California.

In the first place, Mr. President, it is rather difficult for me to follow exactly what this sentence means; but if it means that the Fallbrook Public Utility District, a public agency formed under the laws of the State of California shall not have any right to apply for appropriation rights to water under the laws of that State, my simple answer to the Senator from Illinois is that that particular public agency, which has an interest in this bill, has received for many years a permit from the State of California for rights to appropriate water. Beyond that, Mr. President, the bill provides that the Fallbrook Public Utility District in the case of the dam which is proposed to be constructed by the Secretary of the Interior under this bill shall have the rights to water which it has today under the laws of the State of California.

Listen to the second sentence of the amendment:

This act is only intended to provide for the storage and distribution of water remaining after the needs of the United States of America have first been satisfied within the limits of the water to which it is entitled under the laws of California.

I submit, Mr. President, that that adds nothing to the bill.

I have alluded to the bill which has the approval of the Government departments; and I think I have demonstrated the clear intent of the bill to be that the water which the Government owns it shall continue to own under the proposed legislation.

Listen to the next sentence of the amendment:

Nothing herein is intended to abate the suit or suits now pending in the Federal courts in California and in the United States Court of Appeals for the Ninth Circuit to determine the rights of the United States of America and others in the water of the Santa Margarita River but the Justice and Navy Departments are hereby authorized and directed to prosecute said suits to final judgment notwithstanding any contrary provisions of Federal law.

That is a most novel sentence, Mr. President, in the amendment offered by the Senator from Illinois. A few moments ago the Senator from Illinois suggested that it was wrong for the Congress to do as it did twice, namely, enact legislation prohibiting the Department of the Navy from engaging in the prosecution of certain lawsuits. The Senator from Illinois suggested that, in his judgment, that was wrong. I was not a Member of the Senate at that time. The Senator from Illinois has a right to his opinion, but Congress decided that as a policy; and it is to that policy that the Senator from Illinois takes exception.

What do we find in this amendment? Exactly the same situation in reverse. The Senator endeavors to have Congress dictate to the executive agencies, to suggest to them and to direct them to continue prosecuting lawsuits, and, to that extent, interfere with the discretion which he, on the other hand, has suggested ought to be provided in the law passed by Congress.

So far as I am concerned, this bill has nothing to do with the prosecution of a lawsuit except in respect to the language of the bill which provides that the rights of the Government with respect to water are continued to the extent that those rights can be determined by judicial decisions. Obviously, that brings them into public focus.

So I say, Mr. President, that the amendment offered by the Senator from Illinois is unnecessary. It is an amendment which should not be adopted.

As I conclude, I return to the suggestion made in my opening comments.

I came to the Senate hoping that I could find a way to compromise the differences in this long-standing controversy which required, apparently, action by the Congress on several occasions with respect to riders. What has been the outcome? The outcome has been that the Navy approves the bill, the Department of Justice approves it, the Department of the Interior approves it, and every member of the Senate Committee on Interior and Insular Affairs, Republicans and Democrats alike, approves it. There is no partisanship in this bill, and there is no attempt upon the part of any of us who are sponsoring the proposed legislation to injure the property of the Government. It is quite the other way around. I do not think a Senator is worth his salt unless he has the responsibility and the courage to say that that which the Government owns it should keep.

Mr. President, I hope the amendment of the Senator from Illinois will be rejected.

I yield such time as my able colleague, the majority leader, may desire.

Mr. KNOWLAND. Mr. President, I ask the junior Senator from California to yield 10 minutes to me.

Mr. KUCHEL. Mr. President, I yield 10 minutes to my distinguished colleague from California.

Mr. KNOWLAND. Mr. President, first of all, I wish to point out to the Members of the Senate that, regardless of what the ultimate result of the litigation may be under the circumstances, and regardless of whether the case is appealed to the Supreme Court of the United States, the problem of the shortage of water both to the marine base at Pendleton and to the civilian economy in the Fallbrook area will still remain.

A court decision in the case, important as it may be, to have a decision rendered, will not save a single drop of water finally, if we have not taken constructive action to build the dam that will save the water which is necessary for the Military Establishment and the civilian economy. So, Mr. President, I say that in any event the enactment of the bill is necessary.

The bill comes to us with the support of the Navy Department. It comes with the support of the Department of the Interior and the Department of Justice. It comes with the support of the Bureau of the Budget. It comes with certain technical studies regarding estimated available water having been made by the Army engineers. The Interior Department and the California State engineer, find that the water flow, which they have calculated over average periods, will be sufficient to make the project a going and sound project.

Mr. FULBRIGHT. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I shall be glad to yield if I have any time left, but I wish first to complete my statement.

Mr. President, after all, the two Senators from California have a vital interest in the national defense. We are not unmindful of the importance of the marine base at Pendleton. We are not unmindful of the importance of the defense establishments in this or in any other areas of the country. Neither my junior colleague nor I would be on the floor of the Senate of the United States urging the adoption of proposed legislation which, in our judgment, would be harmful in the slightest degree to the Defense Department of the Nation.

I quite agree with my junior colleague that the question that reference to legislative riders has no part in this particular bill. In view of the fact that the question has been raised on the floor, it is important for the historic record to know how the riders got into the appropriation bills. Contrary to some beliefs and some statements to that effect, they were not put into the bills because of action taken by my then colleague, now Vice President NIXON, or by me. The riders actually came from the House of Representatives. They were retained in the bills by the Senate when it had the measures under consideration, and retained by substantial votes.

Why were the riders placed in the bills by the House of Representatives? Because, originally, in a memorandum of agreement, between the Navy authorities who were on the spot and the local authorities, it had been agreed that it would be desirable and necessary for both parties to build a dam. Allocations of water were agreed upon. It was recognized that it was not desired to have the Federal Government to come into that area in 1941, as it did, and to use not only the water to which it was entitled, but actually to use more water, as was originally claimed, than ever has flowed in the Santa Margarita River, because to have done so would have condemned to an arid condition, the civilian community in that area.

The agreement which was drafted by representatives of the Navy Department, the Interior Department, and other agencies in that area, was sent to Washington. For reasons which I have never yet understood—and this was several years or more ago—the agreement was repudiated or rejected by the Department of Justice.

Then what was done? Instead of having representatives of the departments go to California to try to settle the differences amicably, the Government, without prior notice to the community, to the Senators from the State, or to the 30 Members of the House from California, instituted a suit. This is not a partisan issue because, so far as I know, every Republican and Democratic Member of the House from California and the Democratic Senator from that State, when I had a Democratic colleague in the Senate, have been just as vitally concerned with the subject as I have been. No notice was given to the California congressional delegation of the institution of the suit.

One thousand two hundred summonses were served upon persons in that area, including small, individual farmers, who had been there for a lifetime or whose land had belonged to their families for several generations. They were served by the Government of the United States with notices of the suit, which pointed out that the Government believed it had a paramount right to some 35,000 acre-feet of water, when the average estimate over the years has not exceeded approximately 27,000 acre-feet. That meant the Government would have taken everything, and the civilian population would have received nothing.

In order that the Senate might thoroughly understand how the situation originally developed, testimony was taken which appears in the hearings before the House Committee on Interior and Insular Affairs on the Santa Margarita River water-rights controversy in California. I shall not take the time of the Senate to read it; Members may read it if they so desire. The hearings were conducted on August 13 and 14, 1951. One witness, to select one at random, was a woman 90 years of age, who had lived on her land for a period of 10 years. It was all she had. She actually had to have water delivered to her little place. But she had been served by the great Government of the United States with a summons, which ultimately might have resulted in depriving her of any access to water and would have left her and her neighbors in such a position that their lands would have reverted to an arid condition, and the community would have become a ghost community. It was on that basis that the Congress of the United States, in order to protect those people from that kind of action, placed riders on appropriation bills.

The fact of the matter is that, as the distinguished Senator from Illinois has pointed out, the Federal Government on November 29, 1951, finally, after considerable discussion had been had in advance, entered into a stipulation in which the Government indicated that it would not claim any rights a private purchaser could not have claimed if he had purchased land on the Santa Margarita Rancho.

But the interesting point is that on December 22, 1951, in a reply to the First Defense, after the stipulation had been entered into, the Department of Justice said, in part, in section 4:

> The United States of America in reply to paragraph IV of the First Defense of the answer of the Fallbrook Public Utility District reaffirms the allegations of the complaint that the State of California ceded exclusive jurisdiction over the lands comprising the military establishments described in the complaint, including the right to the use of the water, the subject matter of the complaint.

Mr. President, I shall not go into the intricate problems of riparian rights and appropriative rights, but there is a water law in the State of California, and, in my judgment, the Federal Government is not entitled to exercise rights or to put itself above the law in regard to the water rights of the State.

I think it is also important to state for the RECORD that legislative riders on appropriation bills are not new. I do not approve of riders on appropriation bills, but I think there are times when Congress has properly reserved its right to legislate in that way. Although this procedure is rarely used, it has been used on occasion. It is interesting to note that the Comptroller General of the United States, in a letter he sent to Congress on January 30, 1953, had this to say:

> When the Secretary of the Navy requested and obtained a decision of the Comptroller General it was not left to the Secretary's legal advisers to inform him one way or the other on the subject matter. The decision of the Comptroller General concluded the matter—it was final upon the executive branch. That is the simple truth of the matter and that was well known by the Secretary's legal advisers.
>
> Furthermore it was not left to the Secretary of the Navy to decide whether prosecution of the suit was necessary to protect the interests of the United States. That matter was decided by the Congress through enactment of the provision under discussion. It is fundamental in our Government that it is for the Congress to say how and on what conditions the public moneys shall be spent; and it is not the province of the executive or accounting officers to question the wisdom of legislative enactments upon the use of the public moneys no matter how much a different result at times might seem desirable.

The PRESIDING OFFICER. The time of the senior Senator from California has expired.

Mr. KNOWLAND. Mr. President, will the distinguished junior Senator from California yield me 3 minutes more?

Mr. KUCHEL. I yield 3 minutes to the distinguished senior Senator from California.

Mr. KNOWLAND. So it was clearly enunciated that even though the executive department might not agree with the legislative branch, it was bound by and was sworn to faithfully execute the laws of the United States and to follow the legislation enacted by Congress whether in the form of an appropriation bill or any other kind of bill.

Mr. President, I am opposed to this particular amendment. I believe it would accomplish the reverse of what the legislative rider, so-called, sought to do. I think it constitutes an effort to exercise directive power by Congress over the question in issue. It is my opinion that the amendment is not necessary in connection with the pending legislation. It was not requested by the Navy Department. The bill now before the Senate has the approval of the Navy Department and the Department of the Interior. It has been very carefully prepared by the Committee on Interior and Insular Affairs of the Senate. I think the bill should be passed as reported, without amendment.

Mr. DOUGLAS. Mr. President, I yield 12 minutes to the distinguished Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. The Senator from Illinois has only 10 minutes remaining.

The Chair apologizes; the Senator from Illinois has 13 minutes remaining.

Mr. DOUGLAS. I yield 12 minutes to the distinguished Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I am very reluctant to become involved in this controversy, which seems to be of such great interest to the Senators from California. I would not have become involved in it had it not been brought to my attention and been pointed out that important interests of the Federal Government are at stake.

The Federal Government has an investment of about $130 million in Camp Pendleton. The development of that camp is being held up because of the delay in settling the rights to the water. The Navy Department was diligent in attempting to settle the question in court by asserting its rights under the law of the State of California.

A great deal of misinformation about the subject has been spread abroad, just as it was in the tidelands case and an attempt has been made to cause people to believe that the Government was seeking some right other than as the owner of water rights, which it had acquired in 1943.

As I have said, I hesitated to become involved in the controversy; but the Federal interests are so great that, simply as a citizen and a taxpayer, without any personal interest in the outcome of the dispute in California, I felt impelled to go into the matter, and I must say that I think the bill should not be passed.

I should like to make one or two observations in the beginning with regard to the statement just made by the senior Senator from California. I do not believe it is quite accurate to say that the bill before the Senate has the approval of the various persons or agencies he mentioned. For example, the bill as printed in the report and approved by the Bureau of the Budget is not the same as the bill which is now before the Senate. I see some rather important differences.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. As I recall, the junior Senator from California was not courteous enough to grant me the privilege of asking a question and receiving an answer, so I do not think I shall yield at this time.

The PRESIDING OFFICER. The Senator from Arkansas declines to yield.

Mr. FULBRIGHT. For example, section 7, which appears on page 7 of the report, is not contained in the bill before the Senate; nor is section 2 (a). Section 7 does relate to the riders.

To me, the question of the riders to the appropriation bill is the key to the matter. The representatives of the State of California have not been content to let the rights of the Government be decided in court according to the law of the State of California. As stated by the Senator from Illinois a moment ago, the State of California itself has admitted that the Federal Government has lived up to the stipulation with regard to the assertion of any rights, other than as the owner of water rights, just as any other private citizen. It asserts no right whatsoever growing out of its sovereignty.

I take the position that the rights should be settled in court before it is sought to give them away or deal with them otherwise. I therefore think the amendment of the Senator from Illinois is absolutely essential and should be attached to the proposed legislation. In fact, I do not think any legislation at all should be enacted until the courts have finally acted.

For the RECORD, I wish to say that the lower court has already acted, and its finding is completely in favor of the position of the Federal Government. The case is on appeal to the Ninth Circuit Court of Appeals. It is estimated by the Judge Advocate General of the Navy that the appeal will be heard on the 4th of October. I contend that it is not I or any other Senator who is delaying action looking to the settlement of the question; it is the action of the delegation from the State of California in insisting on riders which to me violate every sound principle of legislation and of Government. I do not believe the Senate should be called upon to give away Federal property and valuable rights under any such circumstances.

I have some material which I shall use a little later, but I wish to say that in the hearings it was estimated that the rights in question are worth in the neighborhood of a million dollars a year. In other words, if the Congress gives away to a private company, owned by private citizens of California, water belonging to Camp Pendleton, Camp Pendleton will then have to purchase the water at a cost of from $750,000 to $1,000,000 a year. Therefore, I think the question comes down to whether or not we are willing to make a donation of Federal property to the citizens of California.

I agree this is not a partisan matter. The bill is not a Republican or a Democratic measure; it is not partisan in that respect. I am confident that all 30 of the Representatives from California are in favor of the bill, particularly those who have constituents in the particular district affected, or in similar districts.

We all know that water is a commodity of extreme importance and interest in California, Arizona, and all the other Western States, and that it would be suicidal for a person in California not to be extremely concerned over the availability of water and not to desire to obtain all that could be obtained. The fact that the Federal Government would have to pay for such water is not a matter of concern to them; that is for the Congress to decide. That is why I am talking about the bill, because the question finally comes down to who gets the water and who pays for it.

The Federal Government paid $8 million for the property in the beginning, which included the water rights. All I am saying is that the Federal court of appeals may finally hold that the water belongs to the Federal Government, as the lower Federal court held the first time the case was before it.

The Attorney General's representative at the hearings had something to say about this. I think the assertion and reiteration that the Attorney General and the Department of the Navy are satisfied with the situation is a little less than frank. There were some conditions attached, and two of the provisions concerning such conditions were in the bill which those departments approved.

For example, I read from page 49 of the hearings, when Mr. Rankin, representing the Department of Justice, was testifying:

> Senator KUCHEL. So that it is the position of the Attorney General of the United States that he favors the authorization of a dam at De Luz only after this lawsuit is finally decided on appeal?
>
> Mr. RANKIN. Yes. He feels that matters of this character in California and all the States of the Union where water rights are involved should be determined by the courts in the usual and ordinary manner to see what rights are involved and who has those rights.

I think that represents very simply and clearly what would be the position of the Attorney General, not forgetting that it was the Department of Justice which was first prohibited from pursuing the lawsuit to determine what the rights of the Federal Government are, and then, later on, the Navy.

I may say that the criticism by the Comptroller General mentioned by the senior Senator from California was referred to the Committee on Government Operations of the Senate, and it failed to make a report or to render a decision on the matter. There was a legitimate difference of opinion as to whether or not a rider—the use of which I think is questionable practice in connection with any appropriation bill—permitted the Department of Justice to control the actions of the Department of the Navy. At that time the Department of the Navy was under a Secretary who, incidentally, was from California, strangely enough,

and who thought it was perfectly proper for the Navy to pursue the action and protect the rights of the Government; and he did. That was Secretary Kimball.

Subsequent to that time the Navy Department has been forced to proceed to protect the Government's rights in a most undignified manner. They have obtained voluntary services of a private lawyer, and they have obtained the services of their own Navy legal personnel when they go on leave. I believe a young officer of the Navy, when he has appeared in court, has had to state specifically, so that there was no mistake, that he was there on his own time, that he drove to Los Angeles in his own car, in order to appear in court, in civilian clothes and so on—a lot of ridiculous nonsense, it strikes me, and a very undignified position in which to put a representative of the Government.

As a matter of fact to me it seems very offensive to place in that position officials of the Navy, who have but one purpose in mind, and that is to protect the rights of the Navy and the Government which they represent; it seems very unfair to subject the Judge Advocate General and his assistants to that kind of treatment by cutting off their funds.

I am not going to approve the bill. I should not do so, and I shall not unless the amendment of the Senator from Illinois is adopted. I do not think I should vote for the bill in any case, but this amendment at least should be adopted, because I disapprove so thoroughly of the procedure which has been forced upon the Government in the past by the riders to the appropriation bills. I may say, as the Senator from Illinois has stated, that the riders are still in this year's bills—appropriations for the Defense and Justice Departments—now pending before the Committee on Appropriations. I would be greatly reassured if the senior Senator from California [Mr. KNOWLAND] who is a member of that committee, would assure the Senate that he will see that those riders are eliminated from the bills. That would make a great deal of difference in my attitude toward the proposed legislation. But the Senate is apparently getting ready to pass a bill authorizing a dam and the distribution of water, while at the same time passing riders in the form of legislation on an appropriation bill which prohibit the Navy Department and the Justice Department from asserting and defending the Government's own rights in the district court and on appeal in the Circuit Court of Appeals for the Ninth Circuit. I think that is absolutely unjustifiable procedure.

I certainly hope the Senate will adopt the amendment. Whether or not I could then vote for the bill, because of other reasons, some of which I shall refer to a little later on in my own time, I do not know; but it would make the bill much more palatable, and would come closer to legislation which the Navy Department has indicated it would approve—that is, legislation eliminating the restrictions contained in the appropriation bill.

So, Mr. President, I sincerely hope the Senate will support the amendment of the Senator from Illinois to the committee amendment.

The PRESIDING OFFICER. The Senator from Illinois has 2 minutes remaining; the Senator from California has 8 minutes remaining.

Mr. KUCHEL. Mr. President, I yield 5 minutes or whatever time he may desire to the distinguished chairman of the subcommittee, the Senator from Colorado [Mr. MILLIKIN], who conducted the hearings on the bill.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 5 minutes.

Mr. MILLIKIN. Mr. President, I was chairman of the subcommittee of the Interior and Insular Affairs Committee of the Senate which held the hearings on this bill. In the subcommittee, we went to great pains to see that the interests of the United States were fully protected. We encouraged meetings between the various departments concerned, so that any questions which might develop would be resolved by interdepartmental conferences.

No objection was made to the bill which was before the committee. We continued the hearings, and did everything else possible to protect the interests of the United States and also to protect the proper interests of the people of California.

Mr. President, it seems to me there have been imported into this controversy issues that have no proper part in it. At the hearings there appeared representatives of the Navy Department, representatives of the Attorney General's office, and representatives of the Department of the Interior.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado speak louder, please? I cannot hear him.

Mr. MILLIKIN. Of course, Mr. President, I have no trouble at all in speaking louder, and am delighted to do so. Can the Senator from Arkansas hear me now?

Mr. FULBRIGHT. Now I can hear the Senator from Colorado.

Mr. MILLIKIN. Good. Mr. President, I shall repeat what I said, from the beginning, so the Senator from Arkansas, especially, can hear me. If I speak too loudly, I shall be glad to have him inform me, whereupon I shall be happy to accommodate him.

Mr. President, I repeat, that, as chairman of the subcommittee, I presided at the hearings, a printed copy of which the Senator from Arkansas has before him. Both at the hearings and prior thereto, extreme pains were taken to see to it that the interests of the United States and also the interests of the State of California were protected. The parties primarily interested, such as the Navy Department, on behalf of the Marine Corps, the Department of the Interior, and the Department of Justice, were represented at the hearings; representatives of all those departments appeared at the hearings, and all of them approved of the bill as it is written. Indeed, the bill as it is written reflects the various points brought up by the representatives of those agencies; and the bill was written to accommodate the differences of opinion.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield for a brief question.

Mr. FULBRIGHT. Will the Senator from Colorado tell us why there is a difference between the bill as it is printed in the committee's report and the bill actually reported by the committee, printed copies of which now are before us?

Mr. MILLIKIN. The difference between what?

Mr. FULBRIGHT. The difference between the bill as printed in the report and the bill, copies of which now are on the desks of Senators, and one of which I hold in my hand. It is identified as "Calendar No. 1325; 83d Congress, 2d session, H. R. 5731 (Rept. No. 1322)"—and so forth—"reported by Mr. KUCHEL, with an amendment."

My point is that the version of the bill which appears in the committee's report has two significant differences from the copy of the bill which now lies on our desks. In particular, I call the attention of the Senator from Colorado to section 7 and section 2 (a).

Mr. MILLIKIN. Yes. What about them?

Mr. FULBRIGHT. The bill now before the Senate is not the draft of the bill which was submitted by the Bureau of the Budget and which appears in the report of the committee.

Mr. KUCHEL. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. I yield.

Mr. KUCHEL. Mr. President, I think the shortest possible way of showing the Senator from Arkansas what the facts are is to refer to the date of the letter from the Bureau of the Budget, namely, March 12, 1954, on the one hand; and then to refer to the dates of the letters of approval from the Secretary of the Navy, the Attorney General, and the Acting Secretary of the Interior, all of which are dated May 11, and all of which refer to the draft of the bill, which was, as the Senator from Colorado has suggested, approved by his subcommittee, with participation by representatives of those departments.

So the approvals appearing in the report which is on the desks of Senators are to the bill as it existed when the subcommittee headed by the Senator from Colorado approved it.

Mr. FULBRIGHT. Mr. President, if the Senator from Colorado will yield further to me, let me say I think this matter is important, because it is definitely my opinion, after reading the hearings—and particularly the testimony of Mr. Rankin, appearing on page 47—that the Department would not approve this bill except on the basis of the determination by the courts of the rights involved. The Departments are taking the position that they wish this matter to proceed to determination by the courts.

Mr. MILLIKIN. Not a penny will be spent on this project until the conditions complying with the terms of the bill are met.

Mr. FULBRIGHT. However, the bill does not require that the rights of the Navy be determined by pursuit of the law suit to conclusion. That is really what the Senator from Illinois is seeking to have done.

Mr. MILLIKIN. At the hearing, there was not a single suggestion from the Navy to the effect that it was crippled in any way from making its case, if it felt it had one.

Mr. FULBRIGHT. The Navy not only feels it has one, but it has won in the lower court or the district court.

Mr. MILLIKIN. I assume there will be an appeal.

Mr. FULBRIGHT. But Congress has forbidden the Departments to use any of their funds to prosecute the appeal.

The PRESIDING OFFICER. The time yielded to the Senator from Colorado has expired.

Mr. KUCHEL. Mr. President, I yield to the Senator from Colorado whatever additional time he may require.

Mr. MILLIKIN. Mr. President, representatives of the Navy appeared before us; representatives of the Department of the Interior appeared before us; representatives of the Department of Justice appeared before us; and no one suggested there was any impairment of the rights the Government legally possessed; but those representatives were quick to say that they were asserting no claim to the rights of other claimants, and were not asserting claims based on the omnipotent power of the Government because of the Government's ownership. Representatives of all the interested parties appeared at the hearings conducted by the subcommittee, and they approved the bill. The bill was drawn up to meet their wishes.

So what is the point the Senator from Arkansas has in mind?

Mr. FULBRIGHT. My point is that I think the Senator from California and the Senator from Colorado have made statements that have inadvertently misled the Senate, in that I do not believe that the Navy approved the bill as reported by the committee, as long as the riders that preclude reference to the courts remain in the appropriation bills.

Mr. MILLIKIN. However, representatives of the Navy were at the hearings, and they did not say a word similar to what the Senator from Arkansas is saying.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado yield further to me, in order to permit me to read a statement made by Admiral Nunn, as it appears in the printed hearings?

Mr. MILLIKIN. Yes; let the Senator from Arkansas proceed.

Mr. FULBRIGHT. I now read from page 62 of the printed hearings:

> Admiral NUNN. The bill would repeal provisions of the Appropriation Acts of the Department of Justice and the Department of Defense which prohibit the expenditure of funds appropriated to those departments in the preparation or prosecution in the district courts of the action brought by the United States to quiet its title to waters of the Santa Margarita River.

If anything could be plainer than that, I do not know what it would be. Admiral Nunn testified that the bill as it came from the Bureau of the Budget would do that. However, that provision has been taken out of the reported bill.

If the Senator from Colorado has any question on that point, let me read the next statement by Admiral Nunn.

Mr. MILLIKIN. Mr. President, let the Senator from Arkansas wait a minute, please. I yielded to him, but not to have him make a speech. I shall use the minute or two available to me, although I am according the Senator from Arkansas the courtesy of yielding to him in order to permit him to say what he wishes to say. If he can be really brief in saying the remainder of what he wishes to say, I am willing to have him do so.

Mr. FULBRIGHT. I have been quoting from the testimony of Admiral Nunn.

Mr. MILLIKIN. But did not Admiral Nunn approve the bill?

Mr. FULBRIGHT. In my opinion, he was talking about a different bill from the one which is actually before us.

Mr. MILLIKIN. Why does not the distinguished Senator from Arkansas at least listen to one of the persons who heard the testimony, and who insisted that the Government departments get together in regard to this bill and that they approve a bill which could come before the Senate without dissension? The Senator from Arkansas is referring to dissensions which do not appear in the hearings on the bill. I am referring to what the witnesses said at the hearings, not to what the Senator from Arkansas has just said.

Mr. FULBRIGHT. I have been reading the testimony as it appears in the printed hearings.

The PRESIDING OFFICER. The additional time yielded to the Senator from Colorado has expired.

The Senator from Illinois has 2 minutes remaining.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield one-half minute more to me?

Mr. DOUGLAS. I yield one-half minute to the Senator from Arkansas, Mr. President.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for an additional one-half minute.

Mr. FULBRIGHT. Mr. President, I now read further from the testimony of Admiral Nunn—not from anything said by the Senator from Arkansas:

> As previously stated, the Navy Department believes this case should proceed to a final adjudication. In fact, it appears that no realistic determination of the problems of the Santa Margarita River Valley and its adjacent areas can be made until the case is tried. Therefore, we would like to have those retrictive provisions taken away.

The PRESIDING OFFICER. The time yielded to the Senator from Arkansas has expired. The Senator from Illinois [Mr. DOUGLAS] has a minute and a half remaining.

Mr. DOUGLAS. Mr. President, the amendment before us is very simple. It aims to unshackle the Government from the restrictions which have been placed upon it by previous and present riders to appropriation bills. It directs the officers of the Government to find out what the legal rights of the Government are to the waters of the Santa Margarita River under the laws of the State of California. It simply enables the Government to prosecute a suit, in which there is even now a pending appeal, so that the court may determine what those rights are. Unless this amendment is adopted, the present bill will continue the deprivation of those rights. That is all there is to it.

Mr. MILLIKIN. Mr. President, will the Senator yield for a moment?

Mr. DOUGLAS. Certainly.

Mr. MILLIKIN. I suggest that it was not developed by those who have the greatest interest and responsibility in this matter that the Government is in any way restricted from carrying on its contest to determine the water rights.

Mr. DOUGLAS. It is restricted by the fact that it is deprived of the funds with which to make the contest, and Admiral Nunn and other witnesses before the committee pointed this out and emphasized the central importance of prosecuting those suits to protect the Government's water rights.

Mr. MILLIKIN. One would think that those in charge of the Navy, those in charge of the Marine Corps, those in charge of the Department of the Interior, and those in charge of the Department of Justice would come forward and say that they were being deprived of the money necessary for them to do what they want to do. They did not say they were going to allow that question to be determined by the distinguished senior Senator from Illinois.

The PRESIDING OFFICER. All time on both sides has expired.

The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment.

Mr. ANDERSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is in the nature of a substitute for the amendment offered by the Senator from Illinois.

The PRESIDING OFFICER. The amendment in the nature of a substitute offered by the Senator from New Mexico will be stated.

The LEGISLATIVE CLERK. In lieu of the matter proposed to be inserted in the committee amendment by Mr. DOUGLAS, it is proposed to insert the following:

> Nothing herein is intended to abate the suit or suits now pending in the Federal courts in California and in the United States Court of Appeals for the Ninth Circuit to determine the rights of the United States of America and others in the water of the Santa Margarita River but the Justice and Navy Departments are hereby authorized and directed to prosecute said suits to final judgment notwithstanding any contrary provisions of Federal law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. ANDERSON] as a substitute for the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the committee amendment.

Mr. ANDERSON. Mr. President, I yield myself such time as I may desire.

In connection with this amendment I desire to point out that I was one of those present at the hearing; that I stated my

point of view as vigorously as I could with reference to the position of the United States Government; and that at the conclusion of the hearing I made the suggestion that the draft of April 21, with all the changes suggested by the Department of Justice and all the changes suggested by the Department of the Interior, be the working draft from which we would proceed. If the hearings are examined, it will be found that I finally made the motion that that bill be used, with all the amendments agreed to that morning, and the amendments which had been suggested by the Department of Justice.

I desire to deal with the question of whether or not the Bureau of the Budget, the Department of the Interior, and the Department of Justice have approved the specific bill which is now before the Senate. When we thought we were ready to report the bill the distinguished chairman of the subcommittee, the junior Senator from Colorado [Mr. MILLIKIN] said that a motion was in order to report it. I said I wanted assurance from the Navy. Admiral Nunn then gave this testimony:

I have listened to the testimony of Mr. Rankin—

The representative of the Department of Justice—

I conferred with him yesterday, when we prepared the amendments which he had suggested, to the committee print of April 21.

I hold in my hand the committee print of April 21, with the writing all through it suggested by the Department of Justice, which is the basis for the bill now before us.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. DOUGLAS. Did the draft of April 21 include the proviso that the governmental authorities were authorized and directed to proceed with the suits?

Mr. ANDERSON. It did not. If I may finish with this quotation—

I am authorized by the Secretary of the Navy, the present incumbent, and Mr. Thomas, who will be Secretary of the Navy in a short while, to say that the Department of the Navy, speaking as the executive agent for the Department of Defense, agrees with the comment of Mr. Rankin, representing the Department of Justice, and has no objections to the committee print dated April 21, with the amendments Mr. Rankin has recommended this morning, sir.

That is the basis of the present bill, with two exceptions. Subsequently, we made two amendments, which I believe improve the position of the United States rather than detract from it.

Admiral Nunn continued. I said to him:

You would have had some objections to the draft of April 29, would you not?

Definitely, sir. Definitely.

We then went on to discuss the question relating to the Bureau of the Budget, because I was disturbed by the very point which the Senator from Arkansas [Mr. FULBRIGHT] has raised. The bill suggested by the Bureau of the Budget did carry a section 7, which provided that the lawsuits should continue. The amendment which I have sent to the desk deals only with the question of permitting the suits to continue.

I said:

Could the record not show that the Bureau of the Budget did approve a bill, and that this bill is in consonance, or in conformity at least, with their recommendations, and certainly does no violence to it?

Mr. Bennett, who was representing the Department of the Interior, and was speaking for the joint group, said:

That is correct. And Mr. Rankin and I, and I believe Judge Nunn, will all agree that in our opinion there is no substantial difference between this bill and the bill which was submitted by the administration.

I say that only because I believe that if anyone was rough on the bill, the junior Senator from New Mexico was; and I think the junior Senator from California would be the first to agree to that. I tried my very best to make sure that every point the Department of Justice, the Department of the Navy, and even the Marine Corps—if I may say so to the junior Senator from Florida [Mr. SMATHERS]—had wanted to have protected, was protected in that draft. It does not show in the minutes, but the naval officer who represented the Marine Corps was seated in the back of the room. He had said nothing up to that point. So, when I had finished my questions, I went back and asked him if the Marine Corps was completely satisfied with the bill as we were about to report it. I said, "I have been trying to hold my foot in the door to protect you people, and if this is not satisfactory, you had better speak now or forever after hold your peace." The representative of the Marine Corps assured me. He had previously indicated that the junior Senator from Florida would have some questions, and I believe he went to the junior Senator from Florida and probably told him he was satisfied with the draft.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. SMATHERS. I wish to substantiate what the Senator from New Mexico has stated. After the last session of the subcommittee, a member of my office staff once again communicated with the Marine Corps, and at that time the Marine Corps reported that it was eminently satisfied with the bill as reported, and that it believed its rights were protected.

Mr. ANDERSON. I thank the junior Senator from Florida.

Mr. President, I do not like such riders on appropriation bills. I wish we could have some assurance about riders on appropriation bills. If we had some assurance, like the Senator from Arkansas [Mr. FULBRIGHT], I would feel much better about the entire situation; and if it is at all possible to remove that rider from the appropriation bill on a point of order, I intend to try to do so. I believe that with the passage of the pending legislation we can put the matter in such shape that the questions at issue can be peaceably handled by the people of California and the representatives of the various departments involved.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. Is there not one further point about this proposed legislation which is very dangerous; namely, that the bill which passed the House is by no means satisfactory, as I understand, to the Navy or the Marine Corps?

Mr. ANDERSON. Yes.

Mr. FULBRIGHT. This bill will go to conference. The Senator knows what normally happens in conference. If the conferees take the House bill, as a practical matter we shall have very limited opportunity to do anything about it in the last days of the congressional session.

So it seems to me there should be some understanding about the continuance of these lawsuits, or we shall not be safe in passing the bill. My opinion is that the Senator from California [Mr. KNOWLAND] owes the Senate some assurance as to what will be his attitude, and what is to be done with respect to these riders.

Mr. ANDERSON. The Presiding Officer of the Senate will appoint the conferees. If by any chance I should be selected as one of the conferees, I will not sign any conference report which does the things to the Navy which I think the bill passed by the House would do. I intend to stand on the bill as reported by the Senate Committee on Interior and Insular Affairs. I believe that representatives of the State of California recognize that we have tried to go a long way toward meeting the objections. If something other than what I have described results, then I know it will be something which the Navy will not approve, which the Department of Justice will not approve, and which the Bureau of the Budget will not approve. Nor will the Marine Corps approve it. A bill which is not approved by the various agencies would jeopardize the $130 million investment of the Government. I do not believe the Senate will accept such a draft as that, when the facts are before it.

To return to the question of the riders, I call attention to the fact that in a supplemental hearing on the State, Justice, and Commerce appropriations bill for 1954, Attorney General Brownell appeared before the committee on May 15, 1953, for apparently the sole purpose of having the riders removed from the bill. He spoke at considerable length about them. I do not wish to read into the RECORD any part of that testimony, nor to put into the RECORD any of the exhibits which were transmitted. I merely wish to say that at page 18 of the hearing on Friday, May 15, 1953, Attorney General Brownell is quoted as saying:

I would say, if the Congress wants to make a policy decision that after having invested $100 million in a camp they should give up the rights of the Government to the water there, so that the investment would be destroyed, they should pass an affirmative bill to that effect.

Mr. President, that has been the principle which has guided me in trying to get a bill before Congress which does not throw away that $100 million investment.

I say frankly that I have been assured by the representatives of the Navy, the

representatives of the Marine Corps, the representatives of the Department of Justice, and the representatives of the Department of the Interior that they believe the pending bill will protect the investment. The riders are the only fly in the ointment. The riders are prohibiting the United States Government from protecting the rights of the Government to that $100 million investment.

Mr. KNOWLAND rose.

Mr. ANDERSON. I appreciate the fact that the distinguished majority leader is on his feet. If he can give us some assurance on that point, I can state that it will remove nearly all the objection to the bill so far as I am concerned.

Mr. KNOWLAND. Mr. President, I appreciate the remarks of the Senator from New Mexico. I believe they are very helpful to the debate. Personally, I am opposed to the amendment he has offered. However, I wish to say to him in all frankness that, as a matter of fact, a week or so ago, after the report had come from the committee, and during a discussion of it, I personally made the observation to my junior colleague that in my judgment the enactment into law of the pending bill as reported by the Committee on Interior and Insular Affairs would make unnecessary and undesirable the legislative riders on appropriation bills.

As the Senator from New Mexico knows, I am a member of the Committee on Appropriations, but only one member of it, and therefore I cannot speak for all the members of the committee. It is true that such a rider was contained in the State-Justice appropriation bill as it came from the House. I believe that from a purely technical point of view, and under the rules of the Senate, inasmuch as the amendment was added by the House, it would not be subject to a point of order on the floor of the Senate.

However, my personal recommendation to the Committee on Appropriations will be to strike the rider from the appropriation bill when the markup of the bill takes place. That will be my recommendation, for whatever it may be worth, I will say to the Senator from New Mexico. I believe that is the proper way of handling the subject. I do not believe that the pending bill should be encumbered with his amendment.

Mr. ANDERSON. Mr. President, I may say to the able majority leader that I agree with him; the pending bill should not be unnecessarily encumbered, and I do not believe the amendment I have offered should be added to the pending bill. My purpose in offering the amendment was to try to ascertain—and I have had the kind of assurance I was looking for—whether the rider on the appropriation bill would be removed.

I do not say that I can succeed in knocking it off the appropriation bill, but I do want to say that there will be no unanimous-consent agreement with relation to debate on the bill, and that there will be a full discussion of the bill until we know that the rider can be eliminated.

If the procedure proposed by the pending bill is followed, I believe the Navy and the Justice Department and the Department of the Interior will be able to work with the people of California in solving the Santa Margarita water problem.

Either there are or are not surplus waters in the river. The Government at the present time requires about 11,000 acre-feet of water a year. The river carries 12,000 acre-feet throughout the year. If it carries 30,000 or 40,000 acre-feet a year, as has been the case many times during the past years, that excess water spills into the Pacific Ocean.

A dam would impound that water. If it is impounded only for the benefit of the people in the Fallbrook area, they should pay for the dam. I intend to offer another amendment in an attempt to bring about agreement on that proposal. However, if the riders on appropriation bills are not persisted in, I say to the Senate that I believe the pending bill will provide a satisfactory solution.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. Why does the Senator from New Mexico believe that the amendment should not be added to the pending bill? Certainly it is germane to the bill. What is wrong with providing in the bill that the riders shall no longer be effective?

Mr. ANDERSON. The amendment gives instructions as to how to proceed. I took it from a suggestion of the former Solicitor General of the Department of Justice. It may or may not be the wisest way to proceed in connection with this matter. Inasmuch as the riders were added to the appropriation bills, they should be removed from those bills.

Mr. FULBRIGHT. I understood the Senator from New Mexico to say that it was not necessary to adopt his amendment. The Senator from New Mexico has no assurance that the riders will be stricken from the appropriation bills. In any event they would not be effective until the next fiscal year.

Mr. ANDERSON. Of course, I cannot speak for all the members of the Committee on Appropriations. However, if the distinguished majority leader, who is a member of the Committee on Appropriations and who comes from the State which is involved, does not ask for the retention of the rider, I cannot imagine any of his colleagues insisting that it remain on the appropriation bill.

Therefore I introduced my amendment for the purpose of having in the RECORD some assurance on this point. I have received the assurance, and I now withdraw my amendment.

The PRESIDING OFFICER. The Senator from New Mexico withdraws his amendment to the amendment of the Senator from Illinois. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the committee amendment.

Mr. DOUGLAS and Mr. KNOWLAND requested the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the committee amendment. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. KNOWLAND. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from North Dakota [Mr. LANGER] is absent on official business.

The Senator from Nebraska [Mrs. BOWRING], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. COOPER], the Senator from Illinois [Mr. DIRKSEN], the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Maine [Mr. PAYNE], the Senator from Connecticut [Mr. PURTELL], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH], the Senator from Utah [Mr. WATKINS], the Senator from Idaho [Mr. WELKER], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN], the Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Maine [Mr. PAYNE], and the Senator from Utah [Mr. WATKINS] would each vote "nay."

If present and voting, the Senator from Oregon [Mr. MORSE] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Virginia [Mr. BYRD], the Senators from Mississippi [Mr. EASTLAND and Mr. STENNIS], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Texas [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oklahoma [Mr. KERR], the Senator from North Carolina [Mr. LENNON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from West Virginia [Mr. NEELY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Montana [Mr. MURRAY] are absent by leave of the Senate.

The result was announced—yeas 12, nays 48, as follows:

YEAS—12

Douglas	Green	Kilgore
Frear	Humphrey	Lehman
Fulbright	Jackson	Magnuson
Gillette	Kefauver	Symington

NAYS—48

Aiken	George	Martin
Anderson	Goldwater	Maybank
Barrett	Gore	McCarthy
Beall	Hayden	Millikin
Bennett	Hickenlooper	Monroney
Bush	Holland	Mundt
Butler, Nebr.	Hunt	Potter
Capehart	Ives	Robertson
Case	Jenner	Schoeppel
Chavez	Johnson, Colo.	Smathers
Clements	Johnston, S. C.	Smith, Maine
Cordon	Knowland	Sparkman
Daniel	Kuchel	Upton
Dworshak	Long	Wiley
Ellender	Malone	Williams
Ferguson	Mansfield	Young

NOT VOTING—35

Bowring	Hendrickson	Neely
Bricker	Hennings	Pastore
Bridges	Hill	Payne
Burke	Johnson, Tex.	Purtell
Butler, Md.	Kennedy	Russell
Byrd	Kerr	Saltonstall
Carlson	Langer	Smith, N. J.
Cooper	Lennon	Stennis
Dirksen	McCarran	Thye
Duff	McClellan	Watkins
Eastland	Morse	Welker
Flanders	Murray	

So Mr. DOUGLAS' amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The Senator from California has 30 minutes remaining, and the Senator from Illinois has 30 minutes remaining.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. Mr. President, I yield to the Senator from Arkansas such time as he may desire.

Mr. FULBRIGHT. Of course, I am highly gratified by the commitment of the senior Senator from California that he will request the deletion of the riders limiting the expenditure of public funds for the prosecution of the law suits. I think that will go very far toward meeting the objections which I had to the bill.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point, as a part of my remarks, a statement which I prepared for delivery on the pending question, as background and factual material.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FULBRIGHT

The lawsuit itself is of a type common on the western rivers of this country. It is a simple suit brought by the United States in the Federal Courts to quiet the United States title to water rights in the Santa Margarita River. The contest is between a riparian owner (the United States) and nonriparian owners. These nonriparian owners claim a right to take only surplus waters from the stream.

The river lies in California. The law of California and that law alone applies to the case. It is expressly so stipulated in the pleadings and California law would apply even in the absence of a stipulation.

Under the law of California a riparian owner is one who owns land abutting upon a stream. A riparian owner has a correlative right together with other riparian owners to the reasonable beneficial use of the waters of the stream. He may not take more than he can and does put to reasonable beneficial use. He may not store the water from season to season except in the stream itself in a state of nature and he may not by reason of his riparian rights alone use the water outside the stream's watershed.

The law of California provides also that waters of a stream in excess of the waters put by riparian owners to reasonable beneficial use may be appropriated by others. The State itself designates the appropriators who may take and use these surplus waters. Rights to the water in a stream may also be acquired by prescription through adverse, open, notorious, and long-continued use. The waters gained by appropriation or by prescription may be stored from season to season in manmade structures and may be put to use outside the stream's watershed.

The United States owns the land on both banks of the Santa Margarita River for the last 21 miles of the river's course to the sea. The United States condemned and paid for a fee simple title to the land in 1942. Exclusive jurisdiction over the land has been ceded to the United States by the State of California. The area owned by the United States in the vicinity consists of 135,000 acres. There are 38,000 acres of this land within the Santa Margarita watershed of which 18,700 acres are susceptible of practicable and profitable irrigation.

The United States has constructed upon its land a major Marine Corps base (Camp Pendleton), a naval hospital, and a naval ammunition depot at a total cost of approximately $130 million. The Santa Margarita River is the source of water for these national-defense facilities and for agricultural and domestic use by civilian lessees who have leasehold interests from the United States in arable portions of the Federal holdings.

There are two principal claimants of surplus waters of the Santa Margarita River. These are the Fallbrook Public Utility District and the Santa Margarita Mutual Water Co. Both have petitioned the State of California for permits to take surplus waters from the stream. The petition of the Santa Margarita Mutual Water Co. is 7 days prior to that of the Fallbrook Public Utility District but the State has issued a permit to the Fallbrook and has issued none to the Santa Margarita Mutual Water Co.

The Fallbrook Public Utility District is actually taking water from the stream. As a result of Fallbrook's diversions from the stream salt water has commenced to intrude from the sea into the natural storage basins under Camp Pendleton. The water table of the wells at the naval ammunition depot has dropped and a complete drying up at the depot has been threatened. The United States has at times bought water from Fallbrook for use at the depot, this purchased water being water which the United States claims as a riparian owner.

Efforts at resolving the controversy between the United States and Fallbrook were made at the time Fallbrook first started its diversions. They have continued from time to time since. No solution has been found which is legally possible and at the same time acceptable to both parties. Accordingly the Secretary of the Navy asked the Attorney General late in 1950 to take appropriate steps to safeguard the interests of the United States in its valuable property rights in the river. The Attorney General brought suit in January 1951 in the United States District Court for the Southern District of California to quiet the title of the United States to its water rights in the river.

The complaint filed by the United States in this suit asserted a paramount title in the United States. This is the usual language of such complaints, the word "paramount" meaning prior or superior. The opponents of the United States in this controversy have seized upon the word "paramount" as indicative that the United States claims some exceptional right by virtue of its sovereignty, and it has been publicly stated that this suit is similar to the tidelands suits in the United States Supreme Court in which the United States asserted paramount rights in the international sense.

This connotation placed upon the use of the word "paramount" is entirely without basis in fact or in law. In order that the accurate and intended meaning of the word may be made abundantly clear it is expressly stipulated in the pleadings that the word "paramount" has the same sense in which it is used in a specifically cited case decided by the California Supreme Court in 1935 (*Peabody* v. *Vallejo*, 2 Col. 2d 351 at p. 374; 40 Pac. 2d 486 at p. 494). The word "paramount" was used in that case to refer to "the preferential and paramount rights of a riparian owner." The phrase is descriptive of the position of the United States in the Fallbrook suit, that is—a riparian owner in a contest with nonriparian owners.

There is no issue of "sovereignty" involved in the Fallbrook case, nor is there an issue of "States rights as against Federal rights." This is not a contest betwen interests of "public power projects as against private power." As previously stated, no law but the law of the State of California applies to the suit. The United States is in the same position as a private litigant and is seeking only to protect the property it bought and paid for in 1942.

HISTORY OF THE SUIT

The history of the suit since action was brought in January 1951 has been complicated. There is set forth below in approximate chronological order only the events which have a bearing upon the present status of the case.

(a) Motion made by the United States and granted by the district court for a separate trial of the three principal defendants, the Fallbrook Public Utility District, the Santa Margarita Mutual Water Co., and the State of California (a defendant in intervention). This motion was made for the purpose of saving numerous small defendants the expense of prolonged litigation.

(b) Petition to the Court of Appeals, Ninth Circuit, made by the Fallbrook Public Utility District for a writ of mandate against the district court's order granting a separate trial of the three principal defendants. The court of appeals denied the petition.

(c) Pretrial conference held and pretrial order entered by the district court.

(d) Enactment of section 208 (a) of the Department of Justice Appropriation Act, 1953, which prohibited the use of funds appropriated to the Department of Justice for the fiscal year 1953 in the preparation or prosecution of the suit in the district court.

(e) Petition to the Court of Appeals, Ninth Circuit, made by the Fallbrook Public Utility District for a writ of mandate against the district court's proceeding with the trial of the Fallbrook Public Utility District because of the prohibition contained in section 208 (d) of the Department of Justice Appropriation Act, 1953. The court of appeals granted a staying order against the trial of Fallbrook until the petition could be argued and an opinion rendered.

(f) Trial in the district court of the two remaining defendants, the Santa Margarita Mutual Water Co. and the State of California. The United States was represented by a civilian attorney of the Navy Department, who had been designated as a special assistant to the Attorney General without compensation as such and by a commander in the Navy.

(g) Hearing by the Court of Appeals, Ninth Circuit, on Fallbrook's petition for a writ of mandate against further proceedings against Fallbrook because of the prohibition contained in section 208 (d) of the Department of Justice Appropriation Act, 1953. The Department of Justice returned to the case for this appearance in the court of appeals by a special assistant to the Attorney General sent out from Washington. The Judge Advocate General of the Navy also appeared with the special assistant in the opposition to the petition. The court of appeals denied Fallbrook's petition.

(h) Affidavit of bias and prejudice filed by the Fallbrook Public Utility District against the district court's trial judge, Judge Yankwich. The judge held the affidavit to be neither timely nor sufficient in law and refused to disqualify himself.

(i) Order for judgment entered by the district court against the Santa Margarita Mutual Water Co. and the State of California. The judgment was that there is no surplus water in the stream available for appropriation and that the United States is entitled to the relief it has requested. The judgment has been made final and is therefore appealable.

(j) Notice of appeal filed by the Santa Margarita Mutual Water Co. and the State of California. These parties also filed designations of portions of the record to go up on appeal and specifications of points of law to be relied upon on appeal. The appeal was docketed by the United States Court of Appeals, Ninth Circuit, on September 24, 1953. The court of appeals now has jurisdiction of the case. The opening brief of the appellants was filed on April 12, 1954. The Government's reply brief is due on June 13, 1954. Date for hearing has not been set. It will probably not be held until autumn.

(k) Negotiations commenced between the Navy and Marine Corps, on one hand, and the Fallbrook Public Utility District, on the other, with a view to settlement of the controversy with Fallbrook out of court. These negotiations are being monitored and attended by Members of the House of Representatives, largely the Members from southern California congressional districts. These negotiations have resulted in the introduction and enactment by the House of a bill which does not protect the Government's interests.

(l) The appropriation acts for both the Department of Justice and the Department of Defense for the fiscal year 1954 were enacted with "riders" in each which forbid the expenditure of funds in the preparation or prosecution of the case in the district court. The Attorney General regards the prohibition as embracing the appeal action pending in the court of appeals. Thus, the United States Government is estopped from protecting itself either in the district court or the court of appeals.

(m) Upon motion made by the Government the case in the district court against the Fallbrook Public Utility District is set for trial on November 9, 1954.

THE PRINCIPAL ISSUE

As has been previously stated, this contest is between a riparian owner (the United States) who asserts a right secured by purchase from its predecessor in interest to a reasonable beneficial use of the waters of the stream on the one side and those who claim a right as appropriators to the use of surplus waters of the stream on the other side. It follows that if there are no surplus waters there is nothing for anyone to appropriate.

The Santa Margarita River was the subject of litigation in the California courts for a period of over 3 years ending in 1938. The California courts found that the normal flow of the river is not sufficient to supply all the riparian needs of all the riparian lands (*Rancho Santa Margarita* v. *Vail et al.*, 81 Pac. 2d 533 at p. 541).

The river has again been the subject of litigation in the current suit in the Federal district court. That court has found once again that there is insufficient normal flow to satisfy riparian needs. The Fallbrook Public Utility District has not been tried, but another would-be appropriator has been tried. If there is no surplus water for one appropriator (the Santa Margarita Mutual Water Co.) there can be no surplus for another appropriator (the Fallbrook Public Utility District).

In view of these judicial decisions it is clear that substantial property rights in the United States have been established.

Even if negotiations now in progress should result in a satisfactory settlement of the controversy with the Fallbrook Public Utility District, such settlement cannot, of course, detract from the rights of the United States as presently adjudicated; and, in order to give such a settlement judicial validity it would be necessary that any agreement be reduced to a stipulated judgment by the district court.

Another consideration with respect to the current negotiations with Fallbrook should be borne in mind. It is this: whatever be the nature of an agreement the parties may reach, that agreement should bear the approval of the Department of Justice before steps are taken to implement it. This point has been made clear to the parties to the negotiations.

PENDING LEGISLATION

A bill has passed the House of Representatives and is pending before the Senate which would authorize the construction of a dam on the Santa Margarita River on the property of the United States and would allocate the waters impounded behind the dam on the ratio of 40 percent to the Fallbrook Public Utility District and 60 percent to the United States. The bill is H. R. 5731 and does not protect the Government's property rights for the following reasons:

(a) Engineering studies indicate that the annual normal yield of the river is no more than 12,500 acre-feet and that the immediately foreseeable need of the United States is in excess of 12,500 acre-feet. The recent judgment of the district court confirms these conclusions. Fallbrook is an appropriator and is entitled only to surplus waters which the district court has recently found do not normally exist in the stream. To give Fallbrook any water would therefore give Fallbrook some of the riparian water of the United States, water of which the United States has a reasonable, beneficial riparian need.

(b) The Federal Legislature can, of course, give away the property rights of the United States in this riparian water. To do so, however, when the United States has need of the water would only require that the United States purchase water from other sources at considerable expense to replace water which the United States now owns by virtue of acquiring it through purchase in 1942. If replacement water in adequate amounts could not be purchased at acceptable costs, activity at Camp Pendleton would require curtailment, in fact the Congress has refused to authorize additional construction at Camp Pendleton pending the outcome of the controversy with Fallbrook with the result that there are now no quarters available for occupancy by the First Marine Division which is now outside the country in the event that division were to be returned to the continental United States.

(c) As previously pointed out in this memorandum, riparian rights are correlative. If one riparian owner does not use the water, other riparian owners may. An upper riparian owner, the Vail estate, can make reasonable beneficial use of more water than the stream contains. The district court has so found. The Vail estate has a dam on its property and lets downstream for use by the United States, a lower riparian owner, a portion of the stream's yield pursuant to a stipulated judgment which requires the release by Vail of that portion of yield. Should the riparian water be given away by Congress so that it is used by a nonriparian owner for nonriparian purposes, the Vail estate would no longer be required by the stipulated judgment to release water and could apply the water to its own uses.

(d) Assuming, for purposes of this discussion only, that the 40 percent of water which the pending legislation would allocate to the Fallbrook Public Utility District is truly surplus water, it appears to be beyond the power of the Federal Legislature to give that water to Fallbrook or to any particular claimant because the power to allocate surplus waters for appropriation in California resides only in the State of California itself. Surplus waters are by California law the property of the State for allocation by the State. The only sound legal theory upon which the Federal Legislature can give water to Fallbrook is that the gift is of riparian waters which are the property of the United States. Certainly the Congress cannot give away Vail's riparian rights.

(e) A provision in the bill which seems to protect Government riparian rights fails to do so because riparian rights would be lost if the water is stored behind a dam.

The net result of enactment of the bill would be that the United States would spend some $22 million to build a dam in order to give away to Fallbrook 40 percent of the Government's water.

The Senate Committee on Interior and Insular Affairs has reported a version of the bill H. R. 5731 to the Senate in which the Government's rights would be protected. It is not known how the Senate version of the bill would fare in conference if the Senate enacts it.

NEGOTIATIONS FOR SETTLEMENT

Several meetings have been held at which representatives of the Navy and Marine Corps and representatives of the Fallbrook Public Utility District have discussed settlement of the controversy as between Fallbrook and the United States. The former Under Secretary of the Navy, Mr. Charles Thomas, has interested himself personally in these negotiations and has attended the meetings. A number of Members of the House of Representatives are interested in the negotiations and have attended the meetings. These Members are principally those who represent congressional districts in southern California.

The basis upon which the negotiations have been undertaken is that neither Fallbrook nor the interested Members of Congress desire to infringe in any way upon the rights of the United States in the waters of the Santa Margarita River. They assert, however, that upon occasion flood water from the river does flow to the sea and goes to waste. They assert further that it is only such waste water that they wish to capture for use by Fallbrook.

If there be usable waste or surplus waters in the stream which can be economically impounded, the United States can have no objection to their use by appropriators under California law. The United States claims no surplus water but recognizes that only the State of California can allot such water. Hence the United States can become a party to no agreement which purports to vest rights to surplus water in any particular person.

Since the rights of the United States have recently been adjudicated there can be no difficulty in defining and protecting those rights by stipulated judgment with Fallbrook. The resolution of the controversy with Fallbrook should accord with rights already adjudicated to the Government, should bear the approval of the Department of Justice and should become a part of the district court's final judgment in the pending suit.

A very recent possible settlement of the matter proposed by the Attorney General is that the Government condemn all riparian property including the Vail property and then sell water to Fallbrook. This proposal has been rejected by the parties adverse to the Government.

Mr. FULBRIGHT. Mr. President, if I understand the facts correctly, I hope,

and have every reason to believe, that the suit will be adjudicated before any appropriation for the dam is sought under the bill. It is possible, of course, that an appropriation could be sought between now and the end of the present session of Congress, but, in the normal course of events, such an appropriation would not be requested. Therefore, in the orderly procedure, there would be a completion of the Government's action in the pending lawsuit, and a determination of the Government's rights, before any appropriation for the dam would be considered by either House of Congress. If such procedure is followed, I think the rights of the Government will be properly protected.

Again I desire to say I was reluctant to become involved in debate on the bill, and it was only because of the very serious concern I felt with regard to the jeopardy of the Government's investment in Camp Pendleton that I became interested in the question at all.

The PRESIDING OFFICER. Is there further request for time by any Senator?

Mr. KNOWLAND. Mr. President, I should like to say that my colleague, the junior Senator from California, will waive the remaining time he has for discussion of the committee amendment if the other side is prepared to waive its time for debate on the committee amendment.

Mr. DOUGLAS. I do not wish to discuss the committee amendment, but I should like on the question of its final passage, to make some comments on the bill, and I presume the sponsors of the bill will also desire to discuss it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment of the committee was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is the final passage of the bill.

Mr. DOUGLAS. Mr. President, may I inquire of the junior Senator from California if he wishes to take any time to explain the bill and to defend its passage?

Mr. KUCHEL. Mr. President, in reply to the inquiry of the Senator from Illinois, may I say that I should like to make clear one point which the Senator from New Mexico [Mr. ANDERSON] discussed with me today. Aside from taking the time to do that, if it is agreeable to the Senator from Illinois, I would be happy to relinquish the remainder of the time, other than the 2 or 3 minutes which the Senator from New Mexico and I would utilize.

Mr. ANDERSON. Mr. President, will the Senator from California yield to me a minute or two?

Mr. KUCHEL. I yield such time as the Senator from New Mexico may desire.

Mr. ANDERSON. In the hearings which were held, as the final draft of the bill was being prepared, I raised some question about section 1 (a), and I asked if it would not be possible, following the provision having to do with costs, to insert language to this effect: "it being contemplated if the Navy does not use the dam that the entire cost shall be charged to the utility district."

Subsequently the bill was prepared, and this language was adopted: "and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2 (b) of this act."

I ask the Senator this question: Is the Navy going to pay anything for the dam unless the Navy needs and uses it, and then will it pay only for the proportional amount of its need and use?

Mr. KUCHEL. Yes; the Senator from New Mexico is correct. The purpose of putting in the last phrase to which the Senator from New Mexico has referred, "pursuant to section (b) of this act," was merely to make doubly sure that the Navy would not be subject to any charges except on the basis of the proportional use which was made by it of the project.

Mr. ANDERSON. I thank the Senator. I thought the legislative purpose was clearly expressed, perhaps, in the hearings, but sometimes, in order to have the record clear, it is better to have the assurance given on the floor of the Senate. I want to be sure that the Navy will not pay any part of the cost of the dam unless it needs and uses it, and then will pay only its proportional share.

Mr. KUCHEL. I can only reiterate that the understanding of the Senator from New Mexico is completely correct and in accordance with my own understanding and intent, and I am sure that was the intention of the committee when it approved the bill.

Mr. FULBRIGHT. With regard to the land upon which the dam will be built and upon which the basin holding the water will be located, where will that come from and who will pay for it? The dam must be built somewhere. Is it going to be built on the Navy's land, and is the Navy going to be reimbursed for it? I assume there will be a basin of several hundred acres. Who is going to pay for that?

Mr. ANDERSON. I have seen the map, but I have forgotten the exact locations. As I recall however, the dam will not be built on land owned by the Navy nor will the basin be built on land owned by the Navy.

Mr. FULBRIGHT. I understand the Navy owns land on both sides of the river for a distance 21 miles from the ocean. I cannot conceive that the dam will be built anywhere except on Government land, and I anticipate that the Navy will be expected to donate the land. I think that ought to be clarified for the record.

Mr. ANDERSON. I am sorry I cannot clarify it.

Mr. FULBRIGHT. Perhaps the junior Senator from California can clarify the record.

Mr. ANDERSON. I am not sure the Senator from California can do so. I recall seeing the map. We discussed how far above the camp the dam would be located. I believe it will not be on land owned by the Government, but I am not certain as to that. Perhaps the junior Senator from California knows. It seems to me the location of the dam was above the land owned by the Government; therefore, the land would have to be condemned, paid for, and charged to the appropriate district.

Mr. FULBRIGHT. Was it with that understanding that the Senator from New Mexico supported the bill?

Mr. ANDERSON. It was my understanding that if the dam was constructed on Government owned land, of course, the Government would be reimbursed for the value of the land; but I am frank to say I do not recall whether the actual site was to be located on Government land or on private land. There is a vast amount of land there. My remembrance is that it was to be located on privately owned land. Perhaps the junior Senator from California may remember about that.

Mr. KUCHEL. No; it is entirely on land owned by the Federal Government.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. How much time remains to the proponents of the bill?

The PRESIDING OFFICER. Thirty-seven minutes less 4 minutes, or 33 minutes.

Mr. KUCHEL. Let me ask my friend, the Senator from New Mexico, how much further time he desires to take.

Mr. ANDERSON. None.

Mr. FULBRIGHT. Mr. President, will the Senator from California yield to me, for a question?

Mr. KUCHEL. I yield.

Mr. FULBRIGHT. I did not quite understand the Senator from California. Is the dam to be constructed on Government property?

Mr. KUCHEL. Yes.

Mr. FULBRIGHT. Is the lake behind the dam to be on Government property?

Mr. KUCHEL. Does the Senator refer to the land to be covered by the lake?

Mr. FULBRIGHT. Ordinarily if a dam is to be built, it is assumed there will be water behind the dam. I do not know whether there will be water behind this dam or not; but if there is to be water behind it, will the basin holding the water be on Government land or not?

Mr. KUCHEL. I appreciate the Senator's joviality and his attempt to inject a little humor into the debate. Yes, the dam and the lake will be on Government property.

Mr. FULBRIGHT. Does the bill provide that the value of the land shall be reimbursed by payment to the Government?

Mr. KUCHEL. The United States Department of the Navy made no such request at any time. The Department of Justice made no such request at any time. The Department of the Interior made no such request at any time. That question was not considered. Obviously the property used will be public property. The dam will be built by authority of the Government of the United States.

The operation will be conducted by the United States Government, and the facilities will be owned by the United States Government. So, since the Government already owns the property, to that extent the Government will not be compelled to purchase it.

Mr. FULBRIGHT. If the Senator from California will permit me to say a word at this point, let me state that I understood him to say a few moments ago that the Government would not pay for building the dam. In response to a question asked by the Senator from New Mexico, I thought the Senator from California said the Navy would not pay for the dam, but that the Fallbrook District or the local people who wish to have the dam built—because certainly the Navy does not wish to have the dam built—would pay for it.

Mr. KUCHEL. My answer to the Senator from New Mexico was correct; namely, that the Navy will not be required to participate in the payment for the dam and its facilities, unless the Navy uses them. The bill provides that the Secretary of the Interior shall construct the dam for a number of purposes, which include irrigation and flood control—purposes which are dealt with by every reclamation bill which has come to the floor of the Senate since I have been a Member of this body; and such bills usually are passed without opposition.

Mr. FULBRIGHT. Is is not true that those who are the beneficiaries usually pay for the facilities they use? In this case, land which apparently is very valuable is involved. I assume that the irrigation district will pay for it. I was asking the Senator from California whether the irrigation district will pay for it. Apparently he thinks the irrigation district will not pay for it.

Mr. KUCHEL. The bill specifically provides that there will be an allocation of costs to irrigation, flood control, and defense purposes, in accordance with the Federal reclamation statutes.

Mr. FULBRIGHT. I am not an expert on these matters, but I am trying to clarify the RECORD.

On page 7, the bill reads, in part, as follows: "to repay to the United States of America appropriate portions, as determined by the Secretary, of the actual costs of constructing, operating, and maintaining such dam and other facilities," and so forth. The bill does not state whether the public-utility district will pay for the land which is used. I thought that matter should be clarified. I assumed that the Senator from California would know whether the land which will be covered by the water behind the dam and by the dam itself will be paid for by the irrigation district.

Mr. KUCHEL. Title to the dam will remain in the Government of the United States; and, as in the case of all other reclamation projects, the flooded land and the land used for the site of the dam will be paid for by the Government—although in this particular instance, both the dam site and a large portion of the reservoir site are already owned by the Government, and therefore no additional payment need be made for that purpose.

Should any questions regarding the allocation of costs remain open, they will be discussed in the conference; and it will be the purpose to have the conference committee consider taking care of them.

Mr. KNOWLAND. Mr. President, will my colleague yield to me?

Mr. KUCHEL. I yield.

Mr. KNOWLAND. Of course, Mr. President, the fact of the matter is that the dam will be built by the Department of the Interior, an agency of the Federal Government. The dam will be under the control of the Department of the Interior, as a reclamation project normally is.

It is true that Government land will be flooded. If the land to be flooded were private land, of course, it would be necessary for the Government to acquire that land.

However, the fact of the matter is that, provided the Navy wants the water—and I think the Navy will need the water, for the uses of Camp Pendleton—the Navy will have a right to 60 percent of the stored capacity, and the Fallbrook district will have a right to 40 percent of the stored capacity. Is not that correct?

Mr. KUCHEL. My colleague is completely correct, Mr. President.

The only interest the Navy has in the bill is to have a reserve water supply created by means of the waters impounded behind the dam. The bill provides, in part, that if the Navy does not wish to use those waters, they may be sold to citizens or other private interests; but the bill further provides that, on 30 days' notice, all contracts for the sale of water may be canceled if the Navy desires to use the water. That is one of the reasons why the Navy is interested in the bill.

Mr. KNOWLAND. Does not the bill further provide that in the event the Navy temporarily does not use a part of its 60 percent, and in the event it is sold, the proceeds of the sale shall go into the Treasury of the United States, and shall not be used to apply against the portion of the cost of the project chargeable to the Fallbrook district?

Mr. KUCHEL. My colleague is entirely correct.

Mr. FULBRIGHT. Mr. President, will the Senator from California yield to me for another question?

Mr. KUCHEL. Mr. President, I have yielded several times. I recall that when I asked the Senator from Arkansas to yield, some time ago, he found himself unable to yield then.

There are some points I should like to make regarding the bill in general, and I do not care to use all my time in answering questions asked by the Senator from Arkansas. However, at this time I yield to him.

Mr. FULBRIGHT. I wished to ask the Senator from California about a technical matter. Does he believe Congress has a right to dispose of surplus water in California? Does Congress have that constitutional power?

Mr. KUCHEL. The question of the Senator from Arkansas is whether Congress has a right to dispose of surplus water?

Mr. FULBRIGHT. Yes, under the laws of California.

Mr. KUCHEL. That is a rather broad question. Obviously, the laws of California govern as to the surplus waters developed on property in California. Congress does have a right, with respect to the naval establishment there, to agree to impound waters which belong to the Government of the United States, when those waters are commingled with waters which may belong to some other public agency.

Mr. FULBRIGHT. I understand one of the Government's witnesses at the hearings made the point that if the water is impounded, there is a risk of losing title to it. Is that correct?

Mr. KUCHEL. I do not know whether it is correct; but the bill provides that the Navy may store or may not store water, as the Navy may desire; and in any event, with respect to the appropriative rights in the water, the laws of California control, and the government of California determines when water may be appropriative and when it may not be.

Mr. FULBRIGHT. Would it be possible, if the Navy unwisely stored the water, for the title to it to revert to some of the local claimants in California?

Mr. KUCHEL. I assume that the Senator from Arkansas is now engaging in a little banter. I shall not believe that those who are bearing the responsibilities of the naval establishment will use poor judgment with respect to the water which, of course, is necessary for the conduct of the operations of Camp Pendleton.

Mr. KNOWLAND. Mr. President, will my colleague yield to me at this point?

Mr. KUCHEL. I yield to my colleague whatever time he may wish to use.

Mr. KNOWLAND. Mr. President, I think it is important once again to point out that we are trying to establish, by agreement with the several agencies of the executive branch of the Government, in cooperation with the authorities of the State of California and the local irrigation district, a means for impounding waters which otherwise would be wasted into the Pacific Ocean, and thus could not be used by either the Navy or Camp Pendleton or the local civilian populace. So the purpose is to conserve these waters, rather than to permit them to waste into the sea. By means of this bill, those waters will be conserved in an area of the country where, unless there were an adequate supply of water, a large acreage would return to an arid, semiarid, or almost desert condition. In my judgment it is in the best interests of the Navy Department, of the Defense Department, and of the civilian community, that they work together in comity and cooperation in solving a problem which is common to all of them.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. DOUGLAS. Mr. President, I yield myself such time as I may require.

The Senate has just voted down an amendment which would have explicitly freed the hands of the Government and

provided it with the authority with which to proceed with the suits to decide what its actual rights are, in the same manner as any private owner of land, under California law. Of course I do not question the motives of Senators who voted against the amendment. I think some Senators voted against it under the assumption that the pledge of the senior Senator from California [Mr. KNOWLAND] would be adequate, namely, as I understand it, that he would himself move that the riders which have prevented the Government from having funds be stricken from the current appropriation bills.

Naturally, we welcome this assurance by the Senator from California. Since he is a man of honor, I am sure he will live up to his pledge. But it is not binding on anyone else. It is a pledge solely by the Senator from California. It does not commit any other member of the Appropriations Committee in any manner whatsoever, and, of course, it has no binding authority on members of the other body.

So in a somewhat confused situation it is not at all certain that the riders will be removed. We may find, therefore, that by the passage of this bill without the safeguards provided in the amendment previously proposed, the Government will be estopped from the efficient prosecution of the suits. I hope this will not be the case, but it may occur.

For the sake of the record I should like to read certain salient passages from the findings and judgment of the Federal district court in California in the case of *United States* v. *Fallbrook Public Utility District et al.* (110 Fed. Supp. 767). I read from page 788 of the decision by Judge Yankwich. I think these passages are essential to an understanding of this case. First, let me say that this case was and is being prosecuted by the Government, as the Senator from Arkansas [Mr. FULBRIGHT] brought out, through unpaid counsel, by contributions of private citizens, and by donated time, whereas the other side had ample funds. The Senate has just voted to continue that shackling of the Government.

In spite of all these handicaps the district court in California ruled in favor of the Government. I should like to read paragraphs 10, 11, and 13 of the decision, and then ask that the decision as a whole, including the findings, conclusions, and judgment, be printed in the RECORD as a part of my remarks. I read finding No. 10:

The military use is a riparian use and the paramount rights of the United States extend to the full measure of the capable riparian agricultural use to which the lands can be put. The United States has put to beneficial use water to the extent of on an average of 9,934 acre-feet per year. The present needed average is 11,000 acre-feet per year. The peacetime needs of present plans of the Marine Corps are 23,500 acre-feet of water annually from the Santa Margarita River. These quantities are all reasonable and beneficial uses. The maximum demand in the event of full mobilization is a quantity which does not exceed the duty of water for the maximum agricultural use to which the United States would be entitled under its riparian rights.

Included in the quantities of water actually used are 4,806 acre-feet used on irrigated lands outside the watershed which the United States has acquired the right to use by prescription, unaffected by any administrative action by the Department of Water Resources of the State of California.

In addition the United States of America has acquired by prescription the right to divert and impound annually in Lake O'Neill 4,300 acre-feet of water.

I invite the attention of Senators to finding 11:

A study of the water supply leads to the conclusion that not more than 12,500 acre-feet annually from the Santa Margarita River, under the most favorable circumstances, are available as a water supply at Camp Pendleton.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the decision to which I have referred—including the findings of fact, conclusions of law, and judgment—namely, the decision in the case of *United States* v. *Fallbrook Public Utility District et al.* (110 Fed. Supp. 767 (Feb. 24, 1953)).

There being no objection, the decision was ordered to be printed in the RECORD, as follows:

UNITED STATES *v.* FALLBROOK PUBLIC UTILITY DISTRICT ET AL. (No. 1247–SD)

The Federal Government brought action for declaration as to its rights to water from the Santa Margarita River in California at Marine base known as Camp Pendleton. The district court, Yankwich, chief judge, held that past and present diversion of water by the Government from the river has been and is a reasonable exercise of its riparian rights under California law and that those rights are prior and paramount to rights claimed by water company.

Judgment in accordance with opinion.

1. COURTS

Statute providing that except as otherwise provided by act of Congress, Federal district courts shall have original jurisdiction of all civil actions by the United States, conferred jurisdiction on Federal district court of action by the Federal Government for declaration as to its water rights (28 U. S. C. A., sec. 1345).

2. UNITED STATES

The United States, just as any other owner of property, is entitled to have its rights in that property adjudicated by a court of competent jurisdiction.

3. WATERS AND WATER COURSES

Riparian rights, like other property rights, are protected by the Federal and State constitutions and laws against encroachment.

4. WATERS AND WATER COURSES

Riparian rights to use of water of stream may be exercised for any beneficial purpose.

5. WATERS AND WATER COURSES

A riparian owner is protected in his riparian rights, not only for present actual beneficial uses, but for all prospective reasonable beneficial uses.

6. WATERS AND WATER COURSES

Under California law, riparian rights for present actual beneficial uses and for future prospective beneficial uses are accorded a paramount and preferential status over the right of any subsequent appropriator.

7. WATERS AND WATER COURSES

A military use is a beneficial use for which riparian rights may be exercised.

8. WATERS AND WATER COURSES

In action by the Federal Government for declaration as to its rights to water from the Santa Margarita River in California for use at marine base known as Camp Pendleton, evidence established that past and present diversions of water by the Government from the river have been and are a reasonable exercise under California law of the Government's riparian rights.

9. WATERS AND WATER COURSES

In action by the Federal Government for declaration as to its rights to water from the Santa Margarita River in California for use at marine base known as Camp Pendleton, evidence established that the Government had right, as against water company, to divert certain amount of water from river for military and agricultural uses.

10. WATERS AND WATER COURSES

Under California law, rights to use of water, being a species of realty, may be acquired by adverse use for 5-year period prescribed by State statute, and such principle applies to surface flow, subsurface flow, and waters diverted from underground basin.

11. WATERS AND WATER COURSES

Where the Federal Government and its predecessor in interest had impounded water in certain lake and had applied that water to beneficial use for over 30 years, and such diversion was actual, open, notorious, hostile, adverse to all claims of right, continuous and uninterrupted, and made under claim of right, Government had the right through adverse use to divert the water under California law.

12. WATERS AND WATER COURSES

In action by the Federal Government for declaration as to its rights to water from the Santa Margarita River in California for use at marine base known as Camp Pendleton, water company, which asserted inchoate and unexercised appropriative claims to water from river, had burden of proving that there existed in the river a surplus of water in excess of reasonable beneficial uses by those with preferential rights in river.

13. WATERS AND WATER COURSES

In action by the Federal Government for declaration as to its rights to water from the Santa Margarita River in California for use at marine base known as Camp Pendleton, evidence of water company, which asserted inchoate and unexercised appropriative claims to water from river, failed to sustain company's burden of proving that there existed in the river a surplus of water in excess of reasonable beneficial uses by those having prior and preferential rights.

14. WATERS AND WATER COURSES

In action by the Federal Government for declaration as to its rights to water from the Santa Margarita River in California for use at Marine base known as Camp Pendleton, evidence established that every right of Government to use of water in river was prior and paramount to rights claimed by water company.

Raymond deS. Shryock, Chula Vista, Calif., commander, United States Navy, attorney for United States Navy Department, and David W. Agnew, special assistant to Attorney General, attorney for United States Navy Department, for plaintiff.

Wm. B. Dennis, Fallbrook, Calif., for defendant Santa Margarita Mutual Water Co.

Edmund G. Brown, attorney general of State of California, by George G. Grover, deputy attorney general of State of California, for State of California.

Yankwich, chief judge.

The court signs and files its findings of fact and judgment in the above-entitled case on the trial on the merits of the case as to Santa Margarita Mutual Water Co., defendant, and the State of California as defendnt in intervention.

The objections of the Santa Margarita Mutual Water Co., defendant, and the people

of the State of California, defendant in intervention, to the findings of fact and the judgment prepared under the direction of the court and proposed by the plaintiff, and the proposed amendments to such findings of fact and judgment have been considered by the court and are overruled and denied. The court, however, has eliminated the text of the opinion and order dated December 9, 1952 (D. C., 109 F. Supp. 28, 42), as superfluous and not properly part of the findings.

The court is of the view that the findings and judgment, in the final form proposed, set forth correctly the facts and legal principles as found by the court in the opinion and order just referred to.

The order which accompanied the opinion was intended to set forth succinctly the manner in which the court's conclusions on some of the principal issues are to be transmuted into findings. This, in conformity with a practice adopted by this court in certain types of cases. See *United States* v. *Richfield* (1952, D. C. Calif., 99 F. Supp. 280, 284, 297). Neither the opinion nor the order by its terms was to take the place of formal findings. Indeed, the order stated that "Judgment and declaration quieting title * * * will be entered. Such judgment and declaration to contain the following specific findings." Fifteen specific findings to be included in the formal findings were then set forth. This clearly contemplated future action. So did also the later action of the court in granting the defendants time to file objections to the findings to be proposed.

The original findings were lodged on December 29, 1952. Originally, the court had informed counsel that instead of the usual 5 days allowed under local rule 7, they would have 15 days from that date in which to file objections and amendments. That time was extended to nearly 6 weeks, the defendants being given until February 10, 1953, in which to file objections to the new matters contained in the amended draft.

These actions, memorials of which are on the minutes of the court, show clearly that at no time was it the intention of the court to consider the opinion and the order for findings as anything but an intermediate step. Nevertheless, counsel for the defendants filed on February 7, 1953, a notice of appeal from the order.

I have disregarded the notice as premature. For, as of that day, there is no order or judgment from which an appeal will lie. It was not a judgment, nor entered as such. Federal Rules of Civil Procedure, rules 54 (a), 58, and 79 (a), 28 U. S. C. A. See *Wright* v. *Gibson* (1942, 9 Cir., 128 F. 2d 865); *Uhl* v. *Dalton* (1945, 9 Cir., 151 F. 2d 504); *Weldon* v. *United States* (9 Cir., 1952, 196 F. 2d 874). The findings and judgment which I have ordered entered as of this date are the findings and judgment of the court in the case after partial trial. Subject to the exception noted in paragraph 17 of the judgment, rule 54 (b), Federal Rules of Civil Procedure, they constitute a final order from which an appeal with lie (28 U. S. C. A., secs. 1291, 2107).

These statements are made in order that counsel for the two defendants will understand the court's position, and will not jeopardize their rights of appeal by failing to file a new notice of appeal from the judgment this day entered. Otherwise, they may find themselves appealing from an order which is not final, and, in my view, a premature appeal cannot be given validity by any stipulation of parties, or by an extension of time to docket the appeal, as counsel for the State suggested when these facts were called to his attention.

As to the objections and the proposed amendments, I desire to state that I have considered them all. Some of them involve a mere change of verbiage which could very well be granted, except that, in the interest of economy of time, such action would not now be advisable. Over 2½ months have elapsed since the court's decision was announced. Others challenge the conclusion of the court as to certain matters such as the prescriptive rights acquired by the plaintiff and its predecessors to water used outside the watershed.

I realize the earnestness of counsel in the case. But the conclusions reached were the result of long consideration. Some of the legal principles ultimately declared were anticipated in the opinion on pretrial questions which, at the request of counsel for these defendants and of the Fallbrook Public Utility District, the court agreed to consider and determine in advance of trial.

Further argument or discussion will not change the position taken. I am also of the view that some of the suggested negative findings and conclusions have no place in the findings and are anticipatory of claims that might be asserted in the future.

Hence, the order just made rejecting the amendments and approving and signing the findings of fact and conclusions of law proposed by the Government and lodged with the clerk on February 10, 1953, with the elimination of the text of the opinion and order dated December 9, 1952.

It is not customary to make any comment in ruling on findings, although I have done it in at least one other instance. See *Brooks Bros.* v. *Brooks Clothing of California* (1945, D. C. Calif., 5 F. R. D. 14). But the nature of the case, the fact that some of the actions of this court, even the determination of questions of law in advance of trial at the request of counsel for the 3 chief defendants in the case, have been the subject of misinterpretation, and the court's desire to avoid any disadvantage accruing to the 2 defendants from their filing of the premature notice of appeal, which they have declined to allow me to strike from the files, although such action was suggested to them by letter written by the clerk of this court—I am making this statement so that the record will show conclusively that no appealable order was entered in this case prior to this date.

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND JUDGMENT

This court having jurisdiction over the above proceedings and the parties thereto, and the cause having come on to be tried as to the defendant Santa Margarita Mutual Water Co., and the defendant in intervention, the State of California, having been argued and submitted, and the court having filed its opinion and its order, both dated December 9, 1952, now makes the following:

Findings of fact

I. Title to Lands Involved in Controversy

A. Title to parcels

1. The United States of America, in condemnation proceedings, acquired fee simple title to a tract of land of 9,147.55 acres in San Diego County, Calif., by a declaration of taking, and decree entered thereon, filed January 21, 1942, in this court.[1]

2. This tract of land is that portion of the military reservation sometimes referred to as the "United States Naval Ammunition Depot" and "Fallbrook Naval Reservation."[2]

3. The United States of America, in condemnation proceedings, acquired fee simple title to a tract of land of 122,202.72 acres in San Diego County, Calif., by a declaration of taking, and decree entered thereon, filed December 31, 1942, in this court.[3]

4. This tract, which is the main portion of the Camp Pendleton Marine Corps Training Base, includes the site of the United States Naval Hospital, Oceanside, Calif.[4]

5. The United States of America, in condemnation proceedings, acquired fee simple title to a tract of land of 1,676.58 acres in San Diego County, Calif., by a declaration of taking, and decree entered thereon, filed December 23, 1943.[5]

6. The United States of America, by intragovernmental transfer of land in the public domain, included in the Camp Pendleton military reservation a tract of land of 1,574.61 acres in San Diego County, Calif., by Public Land Order No. 293 dated August 8, 1945.[6]

7. The United States of America likewise acquired fee simple title to a tract of land of 112.11 acres in Orange County, Calif., contiguous to the above lands acquired by the United States of America in San Diego County, Calif., by deed dated February 8, 1949.[7]

B. Rights-of-way

8. The tracts of land described in findings 1 and 3 hereof were acquired subject to easements for railroad rights-of-way in favor of the Atchison, Topeka & Santa Fe Railway Co.[8]

C. Location of Camp Pendleton

9. The Santa Margarita River traverses the above property of the United States of America for a distance of some 21 miles from the point at which it enters the easterly boundary of that property to the Pacific Ocean. The five parcels described above are component parts of the single military reservation of the United States of America generally known and referred to as "Camp Joseph H. Pendleton" or "Camp Pendleton," Oceanside, Calif., which reservation includes those military activities known as the United States Naval Ammunition Depot and the United States Naval Hospital.[9]

10. Camp Pendleton military reservation comprises some 135,000 acres located principally in San Diego County, Calif., bordering on the Pacific Ocean for approximately 17 miles between the cities of Oceanside and San Clemente, Calif., and having an area of approximately 211 square miles. U. S. Highway 101 traverses the westerly portion of the reservation in an approximate north-south direction, close to the Pacific Ocean. The entire reservation lies west of U. S. Highway No. 395.[10]

II. Cession of Exclusive Jurisdiction

11. Letters of acceptance dated January 12 and September 8, 1943, and February 18, 1944, were duly transmitted from the Acting Secretary of the Navy to the Governor of the State of California, which recited and accepted the cession by the State of California to the United States of America of exclusive jurisdiction over the tracts of land acquired by condemnation proceedings as described in findings 1, 3, and 5 hereof.[11]

III. Present Military Use of Lands

A. Primary military use

12. It is the function of Camp Joseph H. Pendleton to provide housing and training facilities for units of the Armed Forces, to conduct training of units of the Armed Forces in amphibious warfare and experimental work with landing craft, landing vehicles, tracked and affiliated equipment and the development thereof; to conduct combat training of the various units of the United States Marine Corps, including air-ground support coordination, and use of artillery, tanks, and other equipment used in the conduct of modern amphibious and land warfare. In addition to the aforementioned activities, it is the function of Camp Pendleton

[1] Exhibit 15.
[2] Exhibit 22 (Fallbrook sheet) and exhibit A.
[3] Exhibit 16.
[4] Exhibit 22 (Fallbrook sheet) and exhibit A.
[5] Exhibit 17.
[6] Exhibit 17.
[7] Exhibit 17.
[8] Exhibits 15 and 16.
[9] Exhibits 22 and A.
[10] Exhibits 22 and A.
[11] Exhibits 18, 19, and 20.

to provide logistic support for units of the United States Marine Corps together with material maintenance and storage facilities, for supplies and equipment and to house and train replacements for subsequent assignment to various operating units of the United States Marine Corps.[12]

13. Camp Pendleton, both at present and prospectively, is the largest and most complete military base in the world for training in amphibious warfare.[13]

14. The United States Naval Hospital, with a capacity of approximately 1,550 beds, established at Camp Joseph H. Pendleton, provides medical and hospital services to personnel of the Armed Forces, their dependents and other authorized personnel at 83 naval shore activities located in the southern California area and provides medical and hospital care to personnel of units of the United States Fleet.[14]

15. The United States Naval Ammunition Depot, Fallbrook, Calif., provides facilities for the storage, segregation, reconditioning and issuing of ammunition for operating units of the United States Fleet and the United States Marine Corps and maintains ammunition stocks for shore establishments of the United States Navy located in the southern California area. In addition, this naval ammunition depot stores and ships ammunition for use by combat elements of the United States Navy and the United States Marine Corps.[15]

B. Agricultural use

16. The United States of America uses such parts of these lands, as are not immediately required for military activities, for agricultural purposes.[16]

17. The United States of America now leases or has issued permits for use of approximately 5,500 acres of Camp Pendleton, and has leased as much as 6,000 acres. In addition, some 15,000 to 20,000 sheep and 1,000 head of cattle are grazed on the military reservation, and are largely dependent on the Santa Margarita River for their watering needs.[17]

18. A considerable acreage of Camp Pendleton, adaptable to cultivation or irrigation, and not immediately required for military use, is not leased or put to agricultural use due to insufficiency of water.[18]

IV. Description of Santa Margarita River System

A. General location and features

19. The Santa Margarita River is a nonnavigable intermittent stream having a drainage area of 740 square miles, 192 square miles of which are situated in San Diego County, Calif., and 549 square miles in Riverside County, Calif. The Santa Margarita watershed is semiarid.[19]

20. Temecula Creek and Murrieta Creek have their junction at the head of Temecula Gorge and there form the Santa Margarita River.[20]

21. Rising on the eastern slope of the Coastal Range in San Diego County, near the present site of the Palomar Observatory, Temecula Creek proceeds in a northerly and westerly direction a distance of approximately 14 miles, where it enters the Pauba Grant of the Vail Estate. After entering the Pauba Grant, it flows northwesterly through a portion of the grant known as Nigger Valley, for a distance of a little more than 3 miles. It then enters a narrow canyon on the Pauba Grant known as Nigger Canyon for a distance of approximately 2 miles. Situated across the channel of Temecula Creek at the upper end of Nigger Canyon, on the Pauba Grant, in the northwest quarter, section 10, township 8 south, range 1 west, is the Vail Dam, creating a reservoir with a capacity of approximately 50,000 acre-feet.[21]

22. Below the Vail Dam, the Temecula Creek traverses Pauba Grant for a distance of approximately 11 miles.[22]

23. Leaving the Pauba Grant of the Vail Estate, Temecula Creek continues its westerly course across the Little Temecula Grant of the Vail Estate for a distance of approximately 1½ miles. That stream then enters the Temecula Grant of the Vail Estate, flowing a distance of approximately 2 miles.[23]

24. Immediately before leaving the Temecula Grant of the Vail Estate, Temecula Creek has its confluence with Murrieta Creek, and below that point is known as the Santa Margarita River.[24]

25. The Santa Margarita River then enters Temecula Gorge, a narrow canyon through which it flows southerly and westerly for a distance of approximately 9 miles. Though Temecula Creek prior to its junction with Murrieta Creek, flows alternately as a surface and subsurface stream, the Santa Margarita River throughout Temecula Gorge in the state of nature is a surface stream.[25]

26. Shortly after leaving Temecula Gorge, the Santa Margarita River enters Camp Joseph H. Pendleton, the Marine Corps training base. It then flows in a generally southwesterly direction through Camp Pendleton—Naval Ammunition Depot—United States naval hospital lands for a distance of about 21 miles to the Pacific Ocean. For the full 21 miles the course of the river lies entirely within the property of the United States of America.[26]

27. The Santa Margarita River within the boundaries of the above-mentioned military establishments is an intermittent stream.[27]

B. Principal tributaries

28. There are several tributaries of the Santa Margarita River from tidewater to its headwaters.[28]

29. De Luz Creek, an intermittent stream which rises on the Santa Rosa Grant of the Vail Estate, proceeds in a westerly and southerly direction to its confluence with the Santa Margarita River several miles within the boundary lines of Camp Pendleton.[29]

30. Fallbrook Creek, an intermittent stream, rises east and south of the Santa Margarita River. Most of its length is within the boundaries of Camp Pendleton and the United States Naval Ammunition Depot and it has its present terminus in Lake O'Neill, an artificial reservoir which lies within the Camp Pendleton area. In the state of nature, Fallbrook Creek flowed into the Santa Margarita River.[30]

31. Sandia Creek, an intermittent stream which rises on the Santa Rosa Grant of the Vail Estate, proceeds in a southerly direction to its confluence with the Santa Margarita River at a point a short distance above the easterly boundary of Camp Pendleton.[31]

32. Rainbow Creek is an intermittent stream which rises east and south of the main channel of the Santa Margarita River and proceeds in a northerly and westerly direction to its confluence with that river a short distance above Sandia Creek.[32]

33. Murrieta Creek, an intermittent stream, has its source north of the Temecula Grant of the Vail Estate and traverses the lands of the grant before it joins Temecula Creek to form the Santa Margarita River. Junction of the streams takes place at a point about a half mile east of the westerly boundary of Temecula Grant of the Vail Estate and a short distance east of Temecula Gorge. It has several tributaries, most important of which is Cottonwood Creek, an intermittent stream which rises on the Santa Rosa Grant of the Vail Estate. Santa Gertrudis Creek, a tributary of Murrieta Creek, is an intermittent stream rising on the Pauba Grant of the Vail Estate, traversing lands in other ownership before crossing a portion of the Temecula Grant prior to its confluence with Murrieta Creek. Warm Springs Creek, an intermittent stream rises east of Murrieta Creek and flows into that stream just below the town of Murrieta.[33]

34. Penjango Creek, an intermittent stream, is tributary to Temecula Creek, rising south of that stream and joining it a short distance upstream from the junction of the stream last mentioned with Murrieta Creek. From its source to confluence Penjango Creek traverses a portion of the Little Temecula Grant, and then flows across the Temecula Grant of the Vail Estate, the property upon which its junction with the Temecula Creek takes place.[34]

35. Other effluents of Temecula Creek are Lancaster Creek and Arroyo Seco, both of which are intermittent in character, flowing only during periods of high precipitation and entering Temecula Creek above Nigger Canyon.[35]

C. Underground basins

36. From its headwaters to the Pacific Ocean, the watershed of the Santa Margarita River system is underlaid with numerous subterranean basins. They differ greatly in size and capacity.[36]

37. Underlying the military establishments in question within the Santa Margarita River watershed is an underground basin, with segments of the basin commonly known as:

1. Upper or O'Neill Basin or Segment;

2. Chappo or Home Ranch Basin or Segment;

3. Ysidora or Lower Basin or Segment.

Those segments comprising a single basin are geologically and hydrologically interconnected.[37]

38. Throughout the ground-water basin within the watershed of the Santa Margarita River underlying Camp Pendleton are numerous wells of varying depths in the alluvium. The surface and subsurface area and the character and type of the deposits penetrated by the wells have been analyzed.[38]

39. Below the Vail Dam, Temecula Creek traverses a highly porous area where that stream, except during periods of high runoff, disappears into the Temecula Basin. In a state of nature, Temecula Creek customarily again becomes a surface stream at a distance of about 3 miles from the present site of the Vail Dam. The Tecemula River (Creek) is now, as a result of the construction of the Vail Dam, a stream completely controlled by that structure, and any water from that source entering the Temecula

[12] PTO, p. 12 (Note "PTO" as used in these footnotes means the pre-trial order dated August 25, 1952, which provided (p. 2) that "Upon trial of this cause no proof shall be required as to matters of fact specifically agreed upon in the pre-trial order.")
[13] E. B. Robertson, Vol. 6, p. 653, line 15.
[14] PTO, pp. 12–13.
[15] PTO, p. 13.
[16] W. D. Taylor, vol. 5, p. 590, line 4.
[17] W. D. Taylor, vol. 5, p. 590, line 15 ff.
[18] W. D. Taylor, vol. 5, p. 595, line 1.
[19] PTO, p. 5.
[20] PTO, p. 6.
[21] PTO, p. 6.
[22] PTO, p. 6.
[23] PTO, p. 7.
[24] PTO, p. 7.
[25] PTO, p. 7.
[26] PTO, p. 7.
[27] PTO, p. 7.
[28] PTO, p. 7.
[29] PTO, p. 7.
[30] PTO, p. 7.
[31] PTO, p. 8.
[32] PTO, p. 8.
[33] PTO, p. 8.
[34] PTO, p. 8.
[35] PTO, pp. 8–9.
[36] PTO, p. 9.
[37] PTO, p. 9; G. F. Worts, Jr., vol. 3, pp. 240–247.
[38] PTO, p. 9.

Basin or Temecula Canyon is derived from the waters impounded by that structure.[39]

40. Within Camp Pendleton the Santa Margarita River does not flow as a continuous surface stream, but, during the dry season of the year, the stream customarily and ordinarily sinks into the highly porous groundwater basin underlying Camp Pendleton. When that basin has been filled, the Santa Margarita River ordinarily comes to the surface some 2 or 3 miles from tidewater. In a state of nature it continues then to the Pacific Ocean as a stream of diminishing volume.[40]

41. The water in the underground basins is contained by bedrock or other impervious material. The basins are filled with alluvial deposits of varying degrees of porosity. The waters of the Santa Margarita River, in its course through the valley, penetrate and fill the voids of the porous alluvium. When the water of the stream sinks to bedrock or the other impervious material comprising the beds of the basin, in which the detrital material lies, it spreads out laterally filling the basins. When completely charged, the waters of the basins support the surface stream and progress slowly downstream through the permeable material.[41]

42. Ground-water basins of the character described underlie Temecula Creek in portions of Oak Grove Valley; and Lancaster Creek in Lancaster Valley. Temecula Basin, one of the largest in the entire watershed of the Santa Margarita River, is located on the property of the Vail Estate. This large T-shaped alluvial deposit area has the stem of the T along the main channel of Temecula Creek for a distance of approximately 8 miles, varying in width from two-thirds of a mile to a mile and a half. That area of the Temecula Basin immediately below the present site of Vail Dam is comprised of coarse, highly porous material and is known as the out wash. Into that out wash, except in periods of extremely heavy precipitation, Temecula Creek, in a state of nature, sinks. About 3 miles below the out wash, the Temecula Basin becomes an artesian area from which Temecula Creek again emerges as a surface stream.[42]

43. The right arm of the T-shaped alluvial basin extends northward underlying Murrieta Creek for a short distance above the stream's confluence with Temecula Creek. The left arm of the T-shaped Temecula alluvial basin extends southward beneath Penjango Creek.[43]

44. Underlying Murrieta Creek and separated from the Temecula Basin is another large alluvial basin known as the Murrieta Basin. That is comprised of valley-fill similar to that found in the other basin. Drafts on this basin and the other underground basins above Temecula Canyon, for agricultural, domestic, and other uses, necessitates re-charging of the basins, thus reducing the quantities of water available to downstream users.[44]

45. Due to the existence of granitic rock immediately underlying the stream from approximately the point of confluence of Temecula Creek to the mouth of the Temecula Gorge, the Santa Margarita River in the state of nature is a surface stream. That granitic underlay of the stream continues from the point mentioned across the boundary of Camp Pendleton to a point approximately 1½ miles below the confluence of De Luz Creek with the Santa Margarita River. At that point the stream opens out into a rather broad alluvial flood plain. That alluvial area extends from the point last mentioned to tidewater, constituting a large groundwater basin. That ground-water basin is comprised of a relatively coarse and loose porous valley-fill at the upstream and comparable to the "out wash" area of the Temecula Basin above described.[45]

46. Approaching the ocean the character of the alluvium becomes increasingly fine and tight.[46]

D. Elsinore fault

47. The Elsinore fault is one of the major geological features of California. That part of it which is of interest in the present case lies across the entire watershed in a general southeasterly to northwesterly direction, shortly west of the communities of Murrieta and Temecula.[47]

48. The Elsinore fault constitutes an impenetrable barrier between the northeasterly or upper part of the watershed and the southwesterly or lower part, preventing the movement of water from one part to the other except as permitted on the surface at the point where the river enters the upper end of the Temecula Gorge or Canyon, the so-called lip of the fault. Thus, the only source of ground water passing into the lower valley from the upper valley is that which flows through Temecula Gorge (also known as Temecula Canyon and Railroad Canyon) past the Temecula gaging station of the United States Geological Survey.[48]

V. United States Geological Survey Records

A. Location of gaging stations

49. The United States Geological Survey has maintained and published records of the following principal gaging stations within the watershed of the Santa Margarita River:

Stream	Station	Period of record
Santa Margarita River.	Ysidora	From Feb. 19, 1923, to date.
Do	Fallbrook	From Nov. 25, 1924, to date.
Temecula Creek	Temecula (Railroad) Canyon.	From Jan. 30, 1923, to date.
Do	Nigger Canyon	Do.
Murrieta Creek	Temecula	From Oct. 1, 1930, to date.

In addition, measurements have been taken for diversions at O'Neill Ditch and at other places on the Santa Margarita River System.[49]

VI. Geological Aspects of Camp Pendleton Basin

50. The water in the Camp Pendleton underground basin is an integral part of the waters of the Santa Margarita River system in the course of their movement through the watershed to the Pacific Ocean.[50]

51. The basin underlying Camp Pendleton extends from approximately the proposed De Luz damsite (for location, see exhibit 10, for example), which is some 11.7 miles from the Pacific Ocean, downstream to a point in the Ysidora Narrows near the ocean. It extends laterally in varying widths of from one-half mile to 2 miles, and underlies the bed of the Santa Margarita River at all points.[51]

52. The underground basin lies entirely within the watershed.[52]

53. The underground basin is filled with alluvial material, the significant feature of which is its water-bearing quality.[53]

54. The water-storage unit of the underground basin has a depth of approximately 100 feet. The storage capacity of the basin is 48,000 acre-feet, of which some 40,000 acre-feet may be considered a potential source of supply. In a state of nature, with all segments of the underground basin filled, the ground water gradient, being in a coastward direction, prevented intrusion of salt water from the ocean into the underground basin. Historically, upstream surface use and pumping from the basin permitted actual salt water intrusion. Constant recharging of the basin is required to prevent such intrusion.[54]

55. The surface area of the land overlying the Camp Pendleton Basin in the alluvial plain is 4,535.3 acres. The natural forage in this area is dependent upon the supply of water in the underground basin. Appreciable lowering of the water table in that basin results in destruction of that forage.[55]

56. The flow of the waters of the Santa Margarita River system constitutes the only source of supply of the water in the underground basin, and the surface flow and the waters of the underground basin constitute a single source of supply.[56]

57. The lower end of the underground basin terminates at an alluvial tongue lying between the basin and the Pacific Ocean. The tongue of alluvium is approximately 800 feet wide, encased in a geological formation known as the San Onofre Breccia which is relatively impervious. Either sea water or fresh water moves through the alluvial tongue, depending on the relationship of the head of the fresh water to the head of the sea water in the alluvial tongue. Sea water has moved through the alluvial tongue to intrude into the fresh water basin.[57]

VII. Historical Use of Water by Rancho Santa Margarita and Camp Pendleton—Vail Estate

A. General statement as to Rancho Santa Margarita

58. The Camp Pendleton military reservation of some 135,000 acres is the property which was formerly known as Rancho Santa Margarita y Las Flores, or Rancho Santa Margarita. It was devoted to the growth and production of horticultural and agricultural crops, and the raising and grazing of thousands of head of cattle.[58]

B. Lake O'Neill

59. Lake O'Neill i an off-channel, earth fill reservoir, located at the O'Neill or upper segment of the underground basin, having a capacity of some 1,260 acre-feet. Since at least 1920, the United States and its predecessors in interest used Lake O'Neill for agricultural and domestic purposes, during the irrigation season, by filling and refilling the reservoir, such beneficial use having been actual, open, notorious, hostile, and adverse to all other claimants on the river, and having been continuous and uninterrupted for the statutory period, and under a claim of right.[59]

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[39] H. M. Hall, vol. 1, p. 84, vol. 2, pp. 115, 126, 127.

[40] G. F. Worts, Jr., vol. 3, pp. 240–247.

[41] G. F. Worts, Jr., vol. 3, pp. 270–271; exhibits 9–12.

[42] H. M. Hall, vols. 1 and 2, pp. 84 and 152; exhibits 8, 32, and 36.

[43] H. M. Hall, vols. 1 and 2, pp. 84 and 152; exhibits 8, 32, and 36.

[44] H. M. Hall, vols. 1 and 2, pp. 84 and 152; exhibits 8, 32, and 36.

[45] W. R. Muehlberger, vol. 2, p. 205; exhibits 9–12.

[46] Exhibits 9–12.

[47] W. R. Muehlberger, vol. 2, p. 203, line 23 ff.; exhibit No. 8.

[48] W. R. Muehlberger, vol. 2, p. 204, line 13 ff.; H. M. Hall, vol. 1, p. 79, lines 4–25.

[49] PTO, pp. 10–11; G. F. Worts, vol. 3, p. 250, line 10.

[50] G. F. Worts, Jr., vol. 3, p. 262, line 25 ff.

[51] G. F. Worts, Jr., vol. 3, pp. 241–247.

[52] G. F. Worts, Jr., vol. 3, p. 247, line 4.

[53] G. F. Worts, Jr., vol. 3, pp. 247–298 passim; detailed description of the alluvial fill, as well as the geological structure which embraces or forms the basin, is contained in the geological exhibits introduced by the United States of America; exhibits Nos. 9, 10, 11, 12, and 13.

[54] G. F. Worts, Jr., vol. 3, p. 253, line 9ff.; pp. 257–258, exhibits Nos. 11 and 12.

[55] A. C. Bowen, vol. 7, p. 828, line 4; W. R. Taylor, vol. 5, p. 599, line 19.

[56] G. F. Worts, Jr., vol. 3, p. 266, line 19 ff.

[57] G. F. Worts, Jr., vol. 3, p. 261, line 8 to p. 263, line 2.

[58] H. W. Witman, vol. 5, pp. 575 ff.; *Rancho Santa Margarita* v. *Vail*, 1938, 11 Cal. 2d 501, 81 P. 2d 533, 542.

[59] H. W. Witman, vol. 5, p. 576; Exhs. 14 and 44; A. C. Bowen, vol. 3, pp. 399 ff.

60. During a 5-year period since 1920, 21,502 acre-feet of water have been diverted at the O'Neill ditch, giving an average of 4,300 acre-feet per year during this 5-year period.[60]

C. Agricultural use outside of the watershed

61. Stuart Mesa, a part of the property of the United States, borders the Pacific Ocean and lies immediately north of the Santa Margarita River, partly within and partly without the watershed of that river. South Coast Mesa, also a part of the property of the United States, borders the Pacific Ocean and lies immediately south of the Santa Margarita River, partly within and partly without the watershed of that river.[61]

62. Stuart Mesa comprises some 1,200 acres, of which 964 acres lie outside of the watershed; South Coast Mesa comprises some 600 acres, of which some 269 acres lie outside of the watershed.[62]

63. All of Stuart Mesa outside of the watershed was placed under irrigation by a pipeline system in 1938, and all of South Coast Mesa outside of the watershed was placed under irrigation by a pipeline system in 1939. The irrigation of both areas has been open, adverse, continuous, and hostile, made under a claim of right, and instituted after the Supreme Court of California had declared that there was insufficient water in the Santa Margarita River for either of the major riparian owners.[63]

64. All of the water used in the irrigation systems supplying the two mesa areas is and has been pumped from the underground basin underlying Camp Pendleton. The duty of water for the 1,223 acres so irrigated is 4,806 acre-feet per year. Cropping on the mesas is carried on throughout the year.[64]

D. Military use

65. Water has been delivered through the water-distribution system of Camp Pendleton since the property acquired by the United States was put in operation as a military installation in 1942. The distribution system at the present time is substantially the same as that put into use in 1942. All of the water distributed by the system is pumped from the underground basin underlying Camp Pendleton.[65]

66. In addition to the water distributed for agricultural (irrigation) purposes on Stuart Mesa and South Coast Mesa outside of the watershed, practically all of the water delivered for military use by the distribution system is delivered outside of the watershed, includings areas 11, 12, 13, 14, 15, 16, and 17, as well as Camp Del Mar.[66]

67. The actual use of water by Camp Pendleton from the year 1943 to date is shown in the following table:

Quantities of water from the Santa Margarita River historically utilized both within and without the watershed by the United States of America

Year	Within, acre-feet	Without, acre-feet	Total, acre-feet
1943	5,389	1,591	6,980
1944	5,298	1,785	7,083
1945	6,396	4,332	10,728
1946	6,160	3,729	9,889
1947	6,374	4,350	10,724
1948	6,894	4,417	11,311
1949	6,637	5,008	11,645
1950	6,407	4,402	10,809
1951	6,275	3,983	10,258

This gives an average per year of 9,934 acre-feet. The needed average, on a present-day basis, is 11,000 acre-feet per year.[67]

68. The washing of military vehicles and equipment following immersion in sea water is a major item of water use in the United States Marine Corps.[68]

69. The water requirements of the personnel attached to Camp Pendleton are 200 gallons per person per day.[69]

70. The population of Camp Pendleton on October 30, 1952, was 49,123, and this population is constantly increasing.[70]

71. The planned peacetime population of Camp Pendleton, based on planning for the fiscal year 1954, is 105,000 persons.[71] The average annual demand for water from the Santa Margarita River for military purposes premised upon that population figure is approximately 23,500 acre-feet.

E. Natural surface irrigation above underground basin

72. Though the Santa Margarita River is an intermittent stream, it has historically for brief periods raised to higher levels within the natural high-water channel of the stream, overflowing lands in Camp Pendleton which during the long dry periods receive only subirrigation from the underground basin. That overflow watered, enriched and fertilized the lands, resulting in increased productivity of the land and enhancement of its value.[72]

F. Historical use of water by Vail Estate

73. The Vail Estate is the only major owner of riparian lands on the Santa Margarita River other than the United States. It holds fee simple title to 40,575 acres of riparian lands of which 29,410 acres can be practicably and profitably irrigated. If available, 79,510 acre-feet of water from the Santa Margarita River could be applied profitably to those lands. At the present time, due to the shortage of water, only 4,500 acres of lands of the Vail Estate are being irrigated. The Vail Estate is now building an extension of its irrigation system for the purpose of increasing substantially the number of acres it will irrigate.[73]

74. Pursuant to Permit No. 7032 issued by the Department of Public Works of the State of California, dated February 18, 1948, the Vail Estate completed the construction of the Vail Dam at the head of Nigger Canyon, on the Temecula River, and closed the gates in November, 1948. The storage capacity of this dam is some 50,000 acre-feet. Further development of Vail lands is actively underway.[74]

75. The Vail method of operation is control of the stream by means of the dam, and storage of water in the Temecula Basin, from which the pumps on the Vail lands riparian to the Santa Margarita-Temecula River extract water for domestic and farm use.[75]

G. Litigation between Rancho Santa Margarita and Vail estate

76. On August 22, 1924, the Rancho Santa Margarita, a corporation (in effect the predecessor in interest of the United States of America) instituted action to determine its rights to the waters of the Santa Margarita as against the Vail interests. A legal determination of those rights was expounded by the Supreme Court of California in the case of *Rancho Santa Margarita* v. *Vail* (11 Cal. 2d 501, 81 P. 2d 533, dated August 11, 1938). Pursuant to that decision, the parties, rather than resort to a new trial as was ordered (since the original trial had been conducted over a period of 3 years, consuming 444 actual court days), entered into a stipulated judgment which is an exhibit admitted in this proceeding. In that stipulated judgment, which has been adopted by the United States in a stipulation filed in this court on July 8, 1952, the respective rights of the Rancho Santa Margarita and the Vail estate were specified.[76]

VIII. Soil Classification of Camp Pendleton Property

A. Riparian land susceptible of practicable and profitable irrigation

77. The Camp Pendleton property of the United States includes 18,648.3 acres of land riparian to and lying within the watershed of the Santa Margarita River, susceptible of practical and profitable irrigation, having a duty of water of 69,237 acre-feet per year.[77]

B. Nonriparian lands susceptible of practicable and profitable irrigation

78. The Camp Pendleton property of the United States includes 1,223 acres lying outside the watershed but irrigated practicably and profitably by water derived from the watershed.[78]

C. Total acreage susceptible of practicable and profitable irrigation

79. The total acreage susceptible of practicable and profitable irrigation, within the watershed of the Santa Margarita River, and without the watershed but irrigated by waters derived therefrom, is 19,861.3.[79]

D. Duty of water

80. The total duty of water for this acreage is 74,042.5 acre-feet per year.[80]

E. Classification of lands

81. A detailed study of the Camp Pendleton lands within the watershed has been compiled according to standards prescribed by the United States Soil Conservation Service.[81]

1. Class I lands.

(a) Characteristics:

82. Class I lands are very good land with little or no limitation on use. It is nearly level, deep and commonly without erosion.[82]

(b) Acreage:

83. There are 3,172.7 acres of class I lands in the 18,648.3 acres described above.[83]

2. Class II lands.

(a) Characteristics:

84. Class II lands are good land with minor physical limitations, as gentle slopes, less deep soils or slight erosion. Choice in crops is reduced or special practices as water management, contour operations, cover cropping or longer rotations are needed.[84]

(b) Acreage:

85. There are 1,380.7 acres of class II land in the 18,648.3 acres described above.[85]

3. Class III lands.

(a) Characteristics:

86. Class III lands are moderately good land with major physical limitations, as relatively steep slopes, shallow soils or severe erosion. Choice in crops is further reduced and more protective measures are required as terracing, stripcropping, and careful water management.[86]

(b) Acreage:

87. There are 3,147.8 acres of class III land in the 18,648.3 acres described above.[87]

4. Class IV lands.

[60] Exhibit 14.
[61] Exhibit 22.
[62] Exhibit 41.
[63] H. W. Witman, vol. 5, pp. 579 ff.; *Rancho Santa Margarita* v. *Vail, supra.*
[64] H. W. Witman, vol. 5, pp. 581, 583; exhibit 41.
[65] J. R. McNearny, vol. 5, pp. 615–616.
[66] J. R. McNearny, vol. 5, p. 616.
[67] Exhibit 40.
[68] E. B. Robertson, vol. 6, p. 692.
[69] E. B. Robertson, vol. 5, p. 663.
[70] E. B. Robertson, vol. 5, pp. 677, 678.
[71] E. B. Robertson, vol. 5, pp. 662, 668.
[72] W. D. Taylor, vol. 5, p. 599.
[73] Exhibit 33; H. M. Hall, vol. 2, p. 114.
[74] Exhibit 4; H. M. Hall, vol. 2, p. 116.
[75] H. M. Hall, vol. 2, p. 151.
[76] Case cited; exhibit 37.
[77] A. C. Bowen, vol. 3, p. 351, line 11; exhibit 38.
[78] Exhibit 41.
[79] Notes 69 and 70.
[80] Exhibits 38 and 41.
[81] A. C. Bowen, vol. 3, p. 357 ff.
[82] Exhibit 25–B.
[83] Exhibit 25–B.
[84] Exhibit 25–B.
[85] Exhibit 25–B.
[86] Exhibit 25–B.
[87] Exhibit 25–B.

(a) Characteristics:

88. Class IV lands are fairly good lands that are best suited to pasture and hay but can be cultivated occasionally—usually not for more than 1 year in 6. When plowed, careful erosion practices must be used.[88]

(b) Acreage:

89. There are 4,308.2 acres of class IV land in the 18,648.3 acres described above.[89]

5. Class V lands.

(a) Characteristics:

90. Class V lands are lands very good for grazing or forestry. It has slight or no physical limitations and needs only good management.[90]

(b) Acreage:

91. There is no class V land in the 18,648.3 acres described above.[91]

6. Class VI lands.

(a) Characteristics:

92. Class VI lands are the lands good for grazing or forestry. It has minor physical limitations and needs some protective measures.[92]

(b) Acreage:

93. There are 6,638.9 acres of class VI lands in the 18,648.3 acres described above.[93]

7. Class VII lands.

(a) Characteristics:

94. Class VII lands are lands moderately good for grazing or forestry. It has major physical limitations and needs extreme care to prevent erosion or destructive burning, or to overcome other hazards.[94]

(b) Acreage:

95. There are 8,449.9 acres of class VII land in the Santa Margarita River watershed area of Camp Pendleton. Class VII land is not considered irrigable.[95]

8. Class VIII lands.

(a) Characteristics:

96. Class VIII lands are suited only for wildlife or recreation. This land is usually steep, rough, stony, sandy, wet or highly erodable.[96]

(b) Acreage:

97. There are 10,663.7 acres of class VIII land in the Santa Margarita watershed area of Camp Pendleton. Class VIII land is not considered irrigable.[97]

IX. Vail Lands

A. Title

98. The lands of the Vail estate lying in the watershed of the Santa Margarita-Temecula River are owned by the Vail Estate in fee simple.[98]

B. Riparian lands susceptible of practicable and profitable irrigation

99. There are 29,410 acres of land susceptible of practicable and profitable irrigation owned by the Vail Estate in the watershed of the Santa Margarita-Temecula River and riparian to that stream.[99]

C. Duty of water

100. The duty of water upon the 29,410 acres above described is 79,514 acre-feet per year.[100]

D. Soil classification

1. Class A lands.

(a) Characteristics:

101. Class A lands are lands which by reason of soils, air drainage, elevations, topography, and assumed temperatures are suitable for such crops as oranges, lemons, any varieties of avocados and cherimoyas, assuming that the average number of hours in any 1 year of temperatures below 30° F. would not be greater than 25, and where minimum temperatures of 20° F. do not occur with greater frequency than once in 10 years; and where maximum temperature of 110° F. before July 15 or 115° F. after July 15 with concurrent humidities lower than 20 percent do not occur oftener than once in 5 years.[101]

(b) Acreage:

102. There are 10,991.7 acres of class A lands in the 29,410 acres described above.[102]

(c) Duty of water:

103. The duty of water on these class A lands is 25,830 acre-feet per year.[103]

2. Class B lands.

(a) Characteristics:

104. Class B lands are lands which by reason of their soils, air drainage, elevations, topography, exposures, and temperatures are on the average suitable for such crops as oranges, hardy avocados, sapotes, and guavas, assuming the average number of hours in any one winter of temperatures below 30° F. would not be greater than 100 and where minimum temperatures of 20° F. do not occur with greater frequency than once in 10 years; and where maximum temperatures of 110° F. before July 15 and 115° F. after July 15, with concurrent humidities lower than 20 percent do not occur oftener than once in 5 years.[104]

(b) Acreage:

105. There are 7,210.3 acres of class B lands in the 29,410 acres described above.[105]

(c) Duty of water:

106. The duty of water on these class B lands is 16,944 acre-feet per year.[106]

3. Class C lands.

(a) Characteristics:

107. Class C lands are lands which by reason of their soils, air drainage, elevations, topography, slopes, exposures, and temperatures are suitable for alfalfa, truck crops such as tomatoes, melons, and squash; also deciduous fruits, walnuts, almonds, grapes, olives, figs, loquats, and oriental persimmons; assuming serious injury to blossom or young fruit by late frosts occurring after May 1 or to unharvested mature olives by early fall frosts previous to December 1 are not of greater frequency than once in 5 years.[107]

(b) Acreage:

108. There are 5,393.7 acres of class C land in the 29,410 acres described above.[108]

(c) Duty of water:

109. The duty of water on these class C lands is 13,484 acre-feet per year.[109]

4. Class D lands.

(a) Characteristics:

110. Class D lands are lands which by reason of their soils, air drainage, topography, slopes, exposures, and temperatures are suitable for the growth of such crops as alfalfa, annual summer crops, such as potatoes, lettuce, onions, melons, Indian corn, sorghums, etc., assuming summer temperatures between May 1 and October 1 do not fall below 30° F. or rise above 110° F. oftener than once in 5 years.[110]

(b) Acreage:

111. There are 5,814.2 acres of class D lands in the 29,410 acres described above.[111]

(c) Duty of water:

112. The duty of water on these class D lands is 23,256 acre-feet per year.[112]

X. Water Available to United States of America at Camp Pendleton

113. The quantity of water available to the United States of America at Camp Pendleton from the Santa Margarita River, including rights of all types and characters, is 12,500 acre-feet per year.[113]

114. The United States has husbanded its water well, as evidenced by the practice, in addition to other conservation measures, of returning sewage effluent to the supply of the underground basin.[114]

115. There is no surplus water at the present time available for appropriation from the Santa Margarita River system; there was no surplus so available in the year 1946; there was no surplus so available when Camp Pendleton was placed in operation as a military installation in 1942.[115]

XI. Irrigable Land in Watershed

116. There are some 127,000 acres of land, including the Vail lands, in the watershed of the Santa Margarita River, above the Camp Pendleton property of the United States, which are susceptible of practicable and profitable irrigation.[116]

XII. View by Court of Lands in Controversy

117. The trial judge has viewed the lands involved in the present controversy.[117]

XIII. Additional Facts

118. Pursuant to the provisions of the stipulated judgment, exhibit A of the complaint, the Vail estate is required to maintain for the designated period a flow of water of 3 cubic feet per second at the Temecula Canyon gaging station on the Santa Margarita River which would not be present except for the provisions of the stipulated judgment.[118]

119. The State of California, defendant in intervention, has entered into the following stipulation with the United States of America which has been approved by this court and filed in this case:

"On the 15th day of August 1951 the people of the State of California, in accordance with invitation of the United States of America, petitioned this court to intervene in this litigation. On that date an order was allowed and entered by this court granting the petition.

"For the clarification of the issues in this litigation, and for the benefit of all of the parties to this cause, it is hereby stipulated:

"I

"That in paragraphs VIII and IX of plaintiff's complaint herein, and in paragraphs 2 and 3 of the prayer of said complaint, the word 'paramount' is used in the same sense in which that word is used in the second paragraph on page 374 of the opinion of the Supreme Court of California in the case of *Peabody* v. *City of Vallejo* (2 Cal. 2d 351), fourth paragraph on page 494 (40 P. 2d 486).

"II

"That in this cause the United States of America claims only such rights to the use of water as it acquired when it purchased the Rancho Santa Margarita, together with any rights to the use of water which it may have gained by prescription or use, or both, since its acquisition of the Rancho Santa Margarita.

"III

"That the United States of America claims by reason of its sovereign status no right to the use of a greater quantity of water than is stated in paragraph II hereof.

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[88] Exhibit 25–B.
[89] Exhibit 25–B.
[90] Exhibit 25–B.
[91] Exhibit 25–B.
[92] Exhibit 25–B.
[93] Exhibit 25–B.
[94] Exhibit 25–B.
[95] Exhibit 25–B.
[96] Exhibit 25–B.
[97] Exhibit 25–B.
[98] PTO, p. 68.
[99] H. M. Hall, vol. 2, pp. 106, 114.
[100] H. M. Hall, vol. 2, p. 114.
[101] Exhibit 33.
[102] Exhibit 33.
[103] H. M. Hall, vol. 2, p. 114.
[104] Exhibit 33.
[105] Exhibit 33.
[106] H. M. Hall, vol. 2, p. 114.
[107] Exhibit 33.
[108] Exhibit 33.
[109] H. M. Hall, vol. 2, p. 114.
[110] Exhibit 33.
[111] Exhibit 33.
[112] H. M. Hall, vol. 2, p. 114.
[113] P. F. Henderson, vol. 5, p. 530; exhibits 14 and 44; H. M. Hall, vol. 2, pp. 101–111.
[114] A C. Bowen, vol. 4, pp. 465–468.
[115] Exhibits 14, 44, Y; H. M. Hall, vol. 2, pp. 101–111; P. F. Henderson, vol. 5, p. 530.
[116] H. M. Hall, vol. 2, p. 110.
[117] Court, vol. 2, pp. 116–117.
[118] H. M. Hall, vol. 2, p. 184; exhibit 37.

"IV

"That the rights of the United States of America to the use of water herein are to be measured in accordance with the laws of the State of California.

"V

"That the parties to this stipulation will request the entry of a pretrial order by this court defining the issues in this cause, in conformity with the statements contained in this stipulation.

"VI

"That there will be a full, complete and mutual exchange of data and information as to the subject matter of this cause collected by the respective parties to this stipulation, including data respecting the issuance of any permits or licenses issued by the State of California in connection with the rights to the use of water of the Santa Margarita River. Such exchange of information by the United States, will be subject to clearance by the commanding officer, Camp Joseph H. Pendleton, in respect to military security, as determined by said officer.

"Dated: November 29, 1951." [119]

120. Application No. 11578 to appropriate water from the Santa Margarita River was filed October 4, 1946, by the Santa Margarita Mutual Water Co. with the State of California Department of Public Works, Division of Water Resources, State engineer. The application was for 60 cubic feet of water per second from the Santa Margarita River. In addition to the direct flow right above mentioned, the application in question is for a storage right of 5,000 acre-feet of water from Temecula Creek at the approximate site of the Vail Dam and reservoir.[120]

121. Application No. 12152 to appropriate water from the Santa Margarita River was filed November 12, 1947, by the Santa Margarita Mutual Water Co. with the State of California Department of Public Works, Division of Water Resources, State engineer. The application was for 60,000 acre-feet of water from the Santa Margarita River for storage.[121]

122. The Santa Margarita Mutual Water Co. has diverted no water and has no facilities with which to divert or utilize water. However, the plans of that company if carried out would result in the diversion of large quantities of Santa Margarita River water from the watershed of that stream.

CONCLUSIONS OF LAW

[1] 1. Jurisdiction to entertain this action was conferred upon this court by express congressional enactment. (28 U. S. C. A., sec. 1345).

[2] 2. The United States of America, as any other owner of property, is entitled to have its rights in that property adjudicated by a court of competent jurisdiction. (U. S. *v.* Fallbrook Public Utility District (U. S. D. C. S. D., 1951, 101 F. Supp. 298, 301).)

3. There was ceded to the United States of America by the State of California the exclusive jurisdiction of the approximately 135,000 acres of land comprising Camp Pendleton, the United States Naval Hospital and the United States Naval Ammunition Depot.

4. The State of California has properly intervened in this proceeding. It does not, however, seek to have adjudicated here any substantive rights.

5. The Santa Margarita Mutual Water Co. is a public corporation in good standing, organized and existing pursuant to the laws of the State of California.

6. Fee simple title to approximately 135,000 acres of land and to all appurtenant rights to the use of water, both riparian and prescriptive, all as set forth in the preceding findings of this Court, resides in the United States of America, subject, however, to the easement for a railroad right of way of the Atchison, Topeka and Santa Fe Railroad. That land constitutes the site of the Marine Corps training base known as Camp Pendleton, the United States Naval Ammunition Depot and the United States Naval Hospital.

7. The Santa Margarita River is a natural, non-navigable, intermittent, intrastate stream. In its course it traverses virtually the entire length of the military establishment in question. For its last 21 miles before entering the Pacific Ocean, the Santa Margarita River flows upon and across lands owned by the United States. For that distance, those properties of the United States abut upon both banks of the stream. There are no water users or landowners on the Santa Margarita River below the lands of the United States.

8. There are 37,882.2 acres of the 135,000 acres of land to which the United States holds fee simple title, riparian to the Santa Margarita River. Of that total, there are 18,648.3 acres that are susceptible of practicable and profitable irrigation.

9. The Vail Estate holds fee simple title to approximately 40,575 acres of land riparian to the Santa Margarita River. Of that total riparian acreage, the Vail estate holds fee simple title to 29,410 acres of land which are susceptible of practicable and profitable irrigation.

10. The Vail Estate has constructed and now maintains a concrete dam across the Santa Margarita River [sometimes referred to in the particular reach of the river here under consideration as Temecula Creek]. Large quantities of water have been impounded behind that concrete structure and those waters have been diverted and applied to a beneficial use. That structure is known as the Vail Dam and Reservoir and has a potential storage capacity of 50,000 acre-feet. To the extent that water has been actually impounded and applied to beneficial use, there resides in the Vail Estate an exercised and completed appropriative right; to the extent of the potential storage capacity of the Vail Reservoir, there is an incipient, in choate, and unexercised right to the use of water in the Santa Margarita River which shall ripen into a vested appropriative right to that extent or to any lesser quantity which is actually impounded, divested, and applied to beneficial use.

11. The Vail Estate has proceeded to acquire the exercised and completed appropriative right mentioned in the preceding paragraph in conformity with the laws of the State of California. It similarly holds the incipient and inchoate rights to which reference has been made. It has a priority for those rights of August 16, 1946, subject to all vested prior rights.

12. The riparian rights of the United States of America and the Vail Estate entitle them to a reasonable use of their correlative share of all of the water of the Santa Margarita River, including the surface flows [which embraces the flow which has historically enriched, fertilized, and watered the surface area of the alluvial underground basin underlying Camp Pendleton] and the subsurface flow of that stream which subirrigates the lands adjacent to the stream. Those riparian rights of the United States of America likewise entitle it to make a reasonable use of the waters of the underground basin situated within the confines of Camp Pendleton, all of which are more particularly described in the preceding findings. Moreover, the subsurface flow and the underground basin comprise a single source of supply to meet the needs of Camp Pendleton, the United States naval hospital, and the United States naval ammunition depot. It likewise constitutes the source of water supply for the agricultural uses, including the watering of livestock, all as described in the preceding findings.

13. The flow of the Santa Margarita River is not sufficient to supply all of the riparian needs of the riparian lands of the United States of America. Similarly, the flow of the Santa Margarita River is insufficient to supply all of the riparian needs of all of the riparian lands of the Vail Estate. Thus the average annual yield of the Santa Margarita River is insufficient to meet all of the riparian demands of either the United States of America or the Vail Estate. By a stipulated judgment, exhibit A of the complaint, the respective rights of the United States of America and the Vail Estate, insofar as this litigation is concerned, have been established.

14. The riparian rights of the United States of America in the Santa Margarita River are held by it correlatively and reciprocally with all other riparian owners on the stream. The riparian rights to the use of water to which the United States holds title, like all other riparian rights, are part and parcel of the land. It acquired those rights from the Rancho Santa Margarita. They are inseparably annexed to the land; they were not acquired by use nor are they lost by disuse.

[3] 15. Riparian rights, like other property rights, are protected against encroachment by the Constitution and laws of the United States of America and the constitution and laws of the State of California.

[4, 5] 16. Riparian rights to the use of water may be exercised for any beneficial purpose. Moreover, the riparian owner is protected in his riparian rights not only for present actual beneficial uses but likewise for all prospective reasonable beneficial uses.

[6] 17. Riparian rights for present actual beneficial uses and for future prospective beneficial uses are, under the laws of the State of California, accorded a paramount and preferential status to the right of any subsequent appropriator.

[7] 18. A military use is a beneficial use for which riparian rights may be exercised. (D. C., 108 F. Supp. 72.)

[8, 9] 19. The past and present diversion of water by the United States of America from the Santa Margarita River, as disclosed in the preceding findings, has been a reasonable exercise under the laws of the State of California of its riparian rights. There resides in the United States of America, as against the Santa Margarita Mutual Water Co. a right to divert annually from the Santa Margarita River for military use, which use, in the light of evidence adduced, would be a reasonable exercise by the United States of America of its riparian rights in the Santa Margarita River, a quantity of water equivalent to the maximum demands set forth in the findings for agricultural purposes. However, as disclosed by the findings, predicated upon the average annual yield of the Santa Margarita River and the known entitlements to water of the other riparians and appropriators with rights prior to the Santa Margarita Mutual Water Co., there is available to the United States of America for use at Camp Pendleton, the United States Naval Ammunition Depot, and the United States Naval Hospital a quantity of water not exceeding 12,500 acre-feet a year. Only by the most careful use and reuse of the waters and protection of the underground basin for peak demand during periods of emergency will the United States be in a position to meet the demands of total mobilization.

20. There resides in the United States of America in connection with those riparian lands susceptible of practicable and profitable irrigation described in the preceding findings, as against the Santa Margarita Mutual Water Co., the right to divert for agricultural purposes the number of acre-feet of water annually, as disclosed by those findings. As recognized above, however, the reasonable irrigation demands for the riparian lands susceptible of practicable and profitable irrigation far exceed the annual yield of the Santa Margarita River.

[119] PTO pp. 19–20.
[120] PTO p. 16.
[121] PTO p. 17.

[10, 11] 21. Under the laws of the State of California, rights to the use of water being a species of real property, may be acquired by adverse use for the 5-year period prescribed by State statute. That principle applies to the surface flow, subsurface flow and the waters diverted from the underground basin. Since prior to 1920, the United States of America and its predecessor in interest have impounded water in Lake O'Neill described in the preceding finding and have applied that water to beneficial use. That diversion, as revealed by the findings of fact, has been actual, open, notorious, hostile, and adverse to all claims of right, continuous and uninterrupted for the statutory period and made under claim of right. There was, by reason of that fact, acquired a prescriptive right in connection with the structure in question to the quantities of water set forth in the findings of fact. Moreover, all of the elements for acquisition of prescriptive rights have been found to exist respecting the use of water from the Santa Margarita River upon those areas known as the South Coast Mesa and the Stuart Mesa. There resides in the United States of America a prescriptive right to the use annually of the quantities of water set forth in the findings of fact in connection with the area referred to in the preceding sentence.

[12, 13] 22. There rested with the Santa Margarita Mutual Water Co., which asserts inchoate and unexercised appropriative claims from the Santa Margarita River with priority dates of October 4, 1946, and November 12, 1947, the burden of proving that there exists in the stream in question a surplus of water in excess of reasonable beneficial uses by those who, at the time the company sought to initiate its appropriative rights, had prior and preferential rights in that stream. The Santa Margarita Mutual Water Co. failed to sustain that burden of proof. To the contrary, as revealed by the findings and evidence, the average annual yield of the Santa Margarita River when the Santa Margarita Mutual Water Co. sought to initiate its rights was far short of the demands of the vested rights to the use of water of the riparian, appropriative, and prescriptive claims to water from the Santa Margarita River.

[14] 23. Each and every right to the use of water of the United States of America in the Santa Margarita River, including but not limited to the rights contained in the stipulated judgment, exhibit A of the complaint, are prior and paramount to the rights claimed in that stream by the Santa Margarita Mutual Water Co.

24. Predicated upon the decision of this Court entered December 9, 1952, *United States of America* v. *Fallbrook Public Utility District* (109 F. Supp. 28), the findings of fact and these conclusions of law, the United States of America is entitled to judgment in this action adjudging and declaring that it is the owner of the rights to the use of water which were the subject matter of this cause and quieting its title against the adverse claims asserted by the defendant Santa Margarita Mutual Water Co.

JUDGMENT

The above-entitled case, having come on regularly for trial in open court without a jury, the Court having heard the evidence therein, having inspected the properties involved, having heard the arguments of counsel, and all propositions of law having been thoroughly briefed, and having entered an order and opinion dated December 9, 1952, stating that a judgment will be entered quieting the title of the United States of America in and to its rights to the use of water in the Santa Margarita River against the adverse claims of the defendant Santa Margarita Mutual Water Co.; findings of fact and conclusions of law having been duly entered in this Court disclosing the salient facts and principles of law determined herein; it is hereby ordered, adjudged, and decreed that—

1. The United States of America is the owner in fee simple of approximately 135,000 acres of land situated in the counties of San Diego and Riverside, State of California, together with the appurtenant rights to the use of water hereinafter described.

2. Of the acreage of the United States involved in this litigation, 37,882.2 acres lie in the watershed of the Santa Margarita River and are riparian to it.

3. Of that riparian acreage in the watershed, 18,648.3 acres can be practicably and profitably irrigated.

4. The riparian acreage of the Vail Estate is 40,575 acres, of which 29,410 acres can be profitably irrigated. These lands are within the watershed of the stream and drain into it. They have access to the stream and constitute one continuous piece, no part of which has ever been severed from its riparian rights.

5. The Vail Estate has, at the present time, 4,500 acres under irrigation.

6. On the basis of an irrigable acreage of 29,410 acres, 79,514 acre-feet of water could be applied profitably to the irrigable lands of the Vail Estate.

7. The 18,648.3 acres of irrigable land of the United States in the watershed would call for a duty of water of 69,237 acre-feet of water per year.

8. As to such prospective use, the United States is entitled to a declaration that its right to such water is paramount to those claimed by the Santa Margarita Mutual Water Co. under its applications dated October 4, 1946, and November 12, 1947.

9. As between the United States and the Vail estate, their correlative rights are to be determined according to the stipulated judgment entered in the case entitled *Rancho Santa Margarita* v. *Vail* (No. 42850, Superior Court, San Diego County, on December 27, 1940), as agreed to by stipulation entered between the United States and the Vail Estate on July 8, 1952.

10. The military use is a riparian use and the paramount rights of the United States extend to the full measure of the capable riprarian agricultural use to which the lands can be put. The United States has put to beneficial use water to the extent of on an average of 9,934 acre-feet per year. The present needed average is 11,000 acre-feet per year. The peacetime needs of present plants of the Marine Corps are 23,500 acre-feet of water annually from the Santa Margarita River. These quantities are all reasonable and beneficial uses. The maximum demand in the event of full mobilization is a quantity which does not exceed the duty of water for the maximum agricultural use to which the United States would be entitled under its riparian rights.

Included in the quantities of water actually used are 4,806 acre-feet used on irrigated lands outside the watershed which the United States has acquired the right to use by prescription, unaffected by any administrative action by the Department of Water Resources of the State of California.

In addition, the United States of America has acquired by prescription the right to divert and impound annually in Lake O'Neill 4,300 acre-feet of water.

11. A study of the water supply leads to the conclusion that not more than 12,500 acre-feet annually from the Santa Margarita River, under the most favorable circumstances, are available as a water supply at Camp Pendleton.

12. If the correlative rights of the two chief riparian owners (the United States of America and the Vail Estate) are considered, there was not at the time of the filing of the appropriation notices by the Santa Margarita Mutual Water Co. in 1946 and 1947 any surplus water supply to appropriate.

13. There is no surplus water supply at the present time subject to appropriation.

14. Each and every right to the use of water of the United States of America in the Santa Margarita River which has been proved in this case and reflected in the findings of fact and conclusions of law are prior and paramount to every right asserted by the defendant Santa Margarita Mutual Water Co.

15. As the Santa Margarita Mutual Water Co. has not made any diversion and no permits for diversion or for construction of a dam have been issued by the State of California, injunction against further prosecution of the applications is not necessary. A declaration of right will suffice. The court is certain that in acting on any application the State authorities will take into consideration the terms of this decision.

16. It is further ordered, adjudged, and decreed that the rights, title, and interest of the United States in and to the rights to the use of water hereinabove described are quieted as against the adverse claims of the defendant Santa Margarita Mutual Water Co. and the defendant in intervention the State of California, and all parties claiming under them; and they and each of them are forever barred from any and all claim of right, title, or interest in and to those rights to the use of water.

17. The adjudication here made and the findings of fact and judgment constitute a partial adjudication of the claims here involved pursuant to the Federal Rules of Civil Procedure, rule 54 (b), 28 U. S. C. A., and they are subject to revision and will not become final until the claims of the Santa Margarita Mutual Water Co. and the Fallbrook Public Utility District are finally determined.

This court reserves the right to grant to the United States of America such further and additional relief as may be required to effectuate this judgment.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. Is it not true that in 1938 there was a previous suit in the State court, in which similar findings of fact were made, so that this is not the first time that amount has been found to be approximately the flow?

Mr. DOUGLAS. I believe that is correct.

Mr. FULBRIGHT. That case was for the purpose of determining rights as between the Vail estate, which is an upper riparian owner, and the predecessor of the Government in the ownership of the land which now constitutes Camp Pendleton.

Mr. DOUGLAS. That is correct.

Mr. FULBRIGHT. So if that is held still to be true, this proposed legislation could not possibly go into effect. Therefore, one is led to wonder whether there is not some other reason for enacting the pending legislation. I think that is one reason why some members have been very much worried about it.

Mr. DOUGLAS. The Senator from Arkansas touches upon a point which is really covered in the 13th finding of the district judge:

There is no surplus water supply at the present time subject to appropriation.

Mr. FULBRIGHT. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. That means, then, that the dam would not be built, even if this proposed legislation were enacted. Therefore, on the one hand,

either we are doing a futile thing, if the court is correct, or some other legislation or some other administrative action about which we know nothing, is contemplated by the sponsors of the pending bill. In other words, we would create a situation with respect to which something would have to be done, as a political matter, would we not?

Mr. DOUGLAS. I should say that if the facts stated by the judge are correct, and if the legal conclusions are correct, we are likely to have a $22 million dam on a relatively dry creek, or else nothing will be done, and the bill will prove to be no more than a gesture.

Mr. FULBRIGHT. It could not be inspired by any political considerations in the State of California, could it?

Mr. DOUGLAS. The statement of the Senator from Illinois is not inspired by any political considerations in the State of California.

Mr. President, I hope that the restrictions on the use of governmental funds may be removed from the current appropriation bill, although we are not at all certain that they will be. If the suits are prosecuted, with or without the great handicaps now imposed upon the Government, and the courts find that the Government's claims are correct, as was found in the lower court, then in all probability there will be no surplus water. In the face of that situation, if the Secretary of the Interior decides to go ahead with the construction of the dam—for which, by the way, no final project report has been made—we shall be placing a $22 million dam on a dry creek. If he decides not to go ahead with the construction of the dam, then the enactment of this bill will prove to be an empty gesture. It may have an effect on the voters and on certain powerful economic interests of California, but it will have no practical effect.

If, on the other hand, the decision is in favor of the Fallbrook Utility District, and they take the water, then there will be insufficient water for Camp Pendleton, insufficient water for the Marine Corps, insufficient water for the 1 or 2 divisions which are needed for the defense of the country; and either a new base will have to be developed which will have water—and I can imagine the people of California loudly protesting if a proposal is made to take away two Marine divisions from California—or the Navy or the Marine Corps will be compelled to install conduits and huge pipes to get the water from the Colorado River. This will not be pleasing to Arizona, which is fighting desperately to hold on to the water from the Colorado; will, in addition, cost the Government approximately a million dollars a year.

Therefore, I believe that the Senate has been sold a bad bill of goods. I believe we will rue the day when the previous amendment was voted down. I know perfectly well what is going to happen; I know that the bill is going to be passed. However, I believe that the Senate will also regret the day when the bill was passed. I say that because we cannot quarrel with reality. We cannot wipe away facts.

Mr. President, I do not intend to continue the argument on the bill any further. I merely wish to say that I shall vote against it and that the time will come when the enactment of this bill will be found to have been a gigantic mistake.

Mr. KNOWLAND. Mr. President, on behalf of my colleague the junior Senator from California [Mr. KUCHEL], who is temporarily out of the Chamber, I yield 5 or 10 minutes to the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Two or three minutes will be sufficient.

The PRESIDING OFFICER (Mr. HICKENLOOPER in the chair). The Senator from New Mexico is recognized for 2 or 3 minutes, or for 10 or 15 minutes. [Laughter.]

Mr. ANDERSON. Mr. President, what I wish to bring out is an answer to the question, "Why do you want to build a dam if the annual flow, averaged over a period of 30 years, is about what Camp Pendleton requires?"

Those of us who live in regions where irrigation is necessary know the answer. Sometimes we have a very heavy rainfall, and what we try to do in areas of the country which depend on irrigation is to store the rainfall behind a dam and to make use of the water in the dry season.

If the annual flow could be nicely regulated, so that 12,000 acre-feet would come down the stream every year, there would be no occasion for building a dam.

I wish to read from the actual records of the State of California, and these are the figures I wish to point to. The flow for the 12-month period ending September 30 of each year was as follows:

In 1924 it was only 2,360 acre-feet.

In 1925 it was 790 acre-feet.

In 1926 it was 15,700 acre-feet.

In 1927 it was 91,200 acre-feet.

We would build that dam to try to keep that 91,200 acre-feet of water behind it and make use of 12,000 acre-feet, which is the amount of water required by Camp Pendleton, and store the remaining 79,000 acre-feet against another dry year.

That is the reason the construction of the dam is proposed.

I believe I was in error a moment ago when I said that the dam would be built on privately owned land. The maps persuade me to believe that the location of the dam would be on Government land, and that a part of the reservoir would be located on Government land and the other part on privately owned land.

I have participated in many discussions dealing with irrigation districts, and I have never known the question of who owns the land to come into the subject, because it is always settled when the dam is built.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. When the dam is finally built, if the Indians own the land, restitution is made to the Indians, or we try to move them to another location, and add money to the appropriation to provide for moving them. If private interests own the land, it is subject to condemnation suits. That is the way it is handled. However, I do not believe that the question of who owns each acre of land is important. If the Government owns it, it is charged against the reclamation district and payment is made back to the Government and figured into the cost of the project.

Mr. FULBRIGHT. Mr. President, the Senator's last sentence is the answer I was trying to elicit.

Mr. ANDERSON. The Senator from Arkansas is completely right in raising that question.

Mr. FULBRIGHT. The bill does not provide for that specifically.

Mr. ANDERSON. I do not believe that any other similar bill ever did. I believe that a survey of the law in every State—and I can speak for my own State and for Colorado and for Arizona—will show that in computing the cost of the structure the land becomes an assessment against the entire project and is reimbursable.

Mr. FULBRIGHT. Mr. President, will the Senator yield for another question along the line of the last question?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. At page 40 of the hearings the Senator from New Mexico asked a question which I should like to read. I should like to ask the Senator also whether he ever got an answer to his question. The question he asked was this:

> Senator ANDERSON. We talk about irrigation projects, as to whether they are feasible, based on what the land might be worth when you get through with it and what the land is worth now, and we were dealing a short time ago with a project in the upper Colorado River Basin, which the Bureau of Reclamation does not now think is feasible because the assessment against the land may be as much as a thousand dollars an acre total, not in 1 year but total.
>
> Do I understand now that this might run as high as two, three, or four thousand dollars an acre?

Did the Senator from New Mexico ever get an answer to his question?

Mr. ANDERSON. Yes; I finally got an answer to the question. The answer was that unless it could be shown that the Navy needed some of this water the project might not be feasible. There seemed to be a question as to whether, in the absence of a requirement for water by Camp Pendleton, the project would be feasible. However, it should be remembered that the question of feasibility comes back to Congress, and the Senator from Arkansas would have no obligation to vote for an appropriation of $22 million unless he were shown a feasibility report.

I intend to cross that bridge when I come to it. I cannot believe that the Senator from Arkansas or the Senator from New Mexico would vote for a project unless there was a feasibility showing, or would appropriate a dollar in the absence of such a feasibility report.

Mr. FULBRIGHT. The Senator from New Mexico is an expert in this field. When an authorization for a project is submitted to Congress is it not customary to have the question of feasibility determined beforehand by an authorized agency of the Government? Is that not customary?

Mr. ANDERSON. The Senator is asking me a very embarrassing question, because the upper Colorado Basin bill, which will be before Congress shortly, will not carry a feasibility report on three projects in my State of New Mexico, but I shall try to persuade the Senator to vote for the bill nevertheless. I do not intend to be hung by my answer to the Senator's question.

Mr. FULBRIGHT. Is the Senator from New Mexico trying to establish a precedent in this case for his own case later on?

Mr. ANDERSON. No; because we have voted for many projects on which there were not complete feasibility reports. I say to the Senator from Arkansas that generally there is a type of feasibility report, but in the case of reclamation projects it is not always a complete feasibility report.

I should like to give an illustration of what I have in mind. Many years ago Congress voted to construct the Conchas Dam in New Mexico. It was constructed without the slightest trace of a feasibility report on the irrigation project which was tied to it. Subsequently, in 1942 or 1943, it was decided to add an irrigation project, and that project was finally built. However, the feasibility end of it did not come into the bill until later.

All I am trying to say to the able Senator from Arkansas is that I have made every effort I could to make sure that the proposed legislation is sound legislation, and to make sure that if the Government does not need this project, the Navy will not have to pay for it.

If the Secretary of the Interior can certify a need for flood protection or for irrigation projects, and that there will be a sufficient amount of water to make it feasible, the Secretary of the Interior will report that fact to Congress, and Congress either will or will not appropriate the $22 million to build it.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield further?

Mr. ANDERSON. I wish to make one more point. I call attention to the fact that in 1941 there was a measured stream flow in that river of 117,000 acre-feet. During the next year it was only 16,930 acre-feet. The following year, 1943, it was 74,270 acre-feet. In 1947 it was 6,930 acre-feet. That is the spill into the ocean. In 1950 it had come down to zero, as the Senator from Illinois pointed out. What we try to do is store the excess water, for use at a subsequent date.

Mr. FULBRIGHT. Mr. President, will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. In connection with the last point I should like to read what the Bureau of the Budget stated. I read this sentence from the Bureau's report:

> This legislation is being submitted to your committee for consideration without prior completion and review in the usual manner of a project report.

That in itself raises a red flag that special notice should be taken of such legislation.

Mr. ANDERSON. The Senator from Florida has handed me an analysis of the stream, indicating that during the seasonal year of 1937–38 when 122,000 acre-feet discharged into the ocean, a flow of 106,000 acre-feet occurred in the month of March, and a flow of 75,000 acre-feet occurred in 4 consecutive days of that month. What the Department will be called upon to do is to recognize that there is no way in the world they can use that much stream flow in the river, which is discharged into the ocean. Those of us who live in semiarid States hate to see that sort of waste. The Department of the Interior would have to make a feasibility report exactly as the Senator from Arkansas has suggested. This bill does not appropriate the money, but it makes it possible for the Department to determine what need there is for the water and what possibility there is for the construction of the dam.

Mr. FULBRIGHT. Is it necessary for the Department to have this proposed legislation enacted, or can it do it without it?

Mr. ANDERSON. I do not see why it could not. Unfortunately, in this particular situation there must be recognition of the Navy's rights in that area. Therefore, the Department would have to make use of all the material available to it.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. SMATHERS. Mr. President, will the Senator from California yield me 2 minutes?

Mr. KUCHEL. Mr. President, I yield 2 minutes to the Senator from Florida.

Mr. SMATHERS. Mr. President, I shall take time to congratulate the able Senator from New Mexico [Mr. ANDERSON] on what I and the other members of the committee know to be a painstaking effort to protect the rights of the Government. When the bill first came to the House of Representatives, there was no doubt that the rights of the Government in many respects were prejudiced. Representatives of several departments, including the Navy, the Department of the Interior, and the Department of Justice, contacted various Members of the Senate and talked about a number of errors which they felt were in the bill. When they spoke to me, I referred them to the Senator from New Mexico, who was a member of the subcommittee. We sat on 6 or 7 occasions late in the evening. The Senator from New Mexico was not in good health at the time, but he fought to protect the rights of the Government. The bill was finally reported unanimously by the subcommittee, and the full committee reported it unanimously. The representatives of the Government now admit it is a good bill.

I appreciate the concern which Senators have with reference to protecting the rights of the Government, but, so far as I am able to ascertain, the representatives of the various departments who have studied this bill do not share their concern.

Mr. FULBRIGHT. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. FULBRIGHT. My interest in the matter was inspired by a conversation I had with the Judge Advocate General of the Navy, who was by no means satisfied with the situation. I do not want to place him in an embarrassing position, but the idea that the Navy is not interested in this bill is completely erroneous.

Mr. SMATHERS. The Judge Advocate General of the Navy was asked specifically if he had any objection to the bill, and, so far as the record shows, when I contacted him he was satisfied with the bill. It was the opinion of the committee, so far as we could ascertain, that there was no objection. If they had an objection at that time, they should have come before the committee and expressed it. How was any member of the committee to know there was an objection if it was not expressed?

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. ANDERSON. Mr. President, will the Senator from California yield to me 1 minute?

Mr. KUCHEL. Mr. President, I yield 1 minute to the Senator from New Mexico.

Mr. ANDERSON. Admiral Nunn came before the committee. He had not testified originally. When he took the stand he said he was authorized by the Secretary of the Navy to say that the Department had no objection to the bill, with the amendments which had been recommended. If the Department has some private objection, they should be ashamed of themselves, because I gave them every opportunity in the world to be protected. I dislike to say this, but I was like an obstinate mule, as the Senator from Florida can testify, in insisting that this proposed legislation would not be reported until the Navy said it was satisfied.

Mr. SMATHERS. Mr. President, will the Senator from California yield me 2 more minutes?

Mr. KUCHEL. Mr. President, I yield 2 minutes to the Senator from Florida.

Mr. SMATHERS. I thank the Senator from New Mexico. I do not dispute for a moment that someone gave to the Senator from Arkansas the information to which he has referred, but we had the right to think that what they were telling us was an accurate statement of their position. The fact is they told us they were completely satisfied with the bill.

Having watched the Senator from New Mexico protect the rights of the Government, it is a little difficult for me now to comprehend the concern on the part of governmental agencies when they refused to express it and make it a formal part of the record.

I conclude my remarks by saying that, in my opinion, the able Senator from New Mexico has been most diligent in his efforts to protect the interests of the Government, and representatives of Government departments agree that he has done a wonderful job in that behalf.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield me some time?

Mr. DOUGLAS. I yield.

The PRESIDING OFFICER. How much time does the Senator from Illinois yield to the Senator from Arkansas?

Mr. DOUGLAS. I yield as much time as the Senator may desire, within the limits of the time I have within my disposal, which, I understand, is 27 minutes.

The PRESIDING OFFICER. The Senator from Illinois has 27 minutes.

Mr. FULBRIGHT. Mr. President, I wish to clarify the RECORD. I do not want to get the Judge Advocate General of the Navy into any difficulty. The key to the matter, of course, has been the limitations written into appropriation bills. I think the Judge Advocate General was satisfied with the draft of the bill which came from the Bureau of the Budget, if he could be sure that would be the form it would take when finally enacted. That probably would be a fair statement, in my opinion.

I do not think any of the departments were particularly interested in the enactment of this bill. It orginated with the Fallbrook Public Utility District in California. But, be that as it may, I simply wish to explain my interest in it.

The Judge Advocate General brought the matter to my attention in a legitimate way, in order to protect the interests of the Navy, as he has probably brought it to the attention of other Members of the Senate. I think the fact that the Senator from Illinois caused the bill to be subjected to some discussion, and the final commitment on the part of the majority leader to undertake to secure the deletion of the restrictions in the appropriation bill, constitute a real protection to the interests of the Government. That is exactly what should have been done, in my opinion. I do not agree that the Government's interests would be protected unless the restrictions to which I have referred were removed, so that the Government could pursue to a conclusion the protection of its rights in the courts. Without that I do not think any of us would be satisfied.

On page 63 of the printed hearings, Admiral Nunn said:

> The Navy Department believes the bill emanating from the Bureau of the Budget—

That is the bill which, a moment ago, I pointed out provided for the repeal of the riders to appropriation bills. Let me quote from Admiral Nunn's testimony again. This is the point I was trying to make in my discussion with the distinguished Senator from Colorado [Mr. MILLIKIN]. It is an important point. The full quotation of Admiral Nunn's statement is as follows:

> The Navy Department believes the bill emanating from the Bureau of the Budget to be adequate but believes it affords a minimum of safeguards for the interests of the United States.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. In a moment. That is the exact language used by Admiral Nunn. He said that the bill approved by the Bureau of the Budget provided minimum safeguards for the interests of the United States.

In the bill which it reported, the committee deleted the provision repealing the riders. That certainly is less than a minimum of safeguards for which Admiral Nunn asked in his testimony. When the committee says the bill is satisfactory to Admiral Nunn, I presume it means that this statement indicated Admiral Nunn's approval of it. I think, in all fairness, the fact may have been overlooked that the bill which really came from the committee is not the bill which came from the Bureau of the Budget, and which Admiral Nunn testified afforded a minimum of safeguards for the interests of the United States.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield for a question.

Mr. KUCHEL. I may say to the Senator, as I told him earlier, that I again discussed the bill, an hour ago, with the Judge Advocate General of the Navy, who said he was for the bill and the Navy Department was for it.

Mr. FULBRIGHT. I hesitated to mention Admiral Nunn. I know the State of California has very powerful influence in the Government. The Chief Justice of the United States, the Vice President of the United States, and the majority leader of the Senate come from California. The Secretary of the Navy comes from California. California is a very powerful force. Some persons have raised the question whether that does not violate the constitutional system with regard to separation of powers. This concentration of power is comparable only with the situation when Thaddeus Stevens controlled the legislative, executive, and judicial branches of the Government. California has approximated that situation for the first time since the day of Stevens. I well understand how Admiral Nunn would be very loath to have an argument with representatives of such power as is represented in the United States Government by the State of California.

Admiral Nunn made an honest statement of the situation to me, just as he did in his statement to the committee. There can be no question of double dealing on his part. He stated before the committee what his attitude was. It is found in the hearings at page 63. He said he believed the bill afforded "a minimum of safeguards for the interests of the United States." Technically, I suppose it can be said that he approved the bill. But I think the action taken this afternoon is what has really protected the interests of the United States Government.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield for a question.

Mr. SMATHERS. Would the Senator from Arkansas agree that if Admiral Nunn saw the bill just before it was reported to the Senate and said that he approved it, we would then be correct in assuming that the Admiral was in favor of it?

Mr. FULBRIGHT. Immediately after that, I believe—within a very short time—Admiral Nunn went before the Committee on Appropriations and asked for the repeal of the rider, requesting that it not be included in this year's appropriation bill. That is the key point in the whole matter.

Mr. SMATHERS. The Senator from Arkansas has not answered my question. My question was, if the Admiral had seen the bill and had said he favored it, have we not a right to assume that he was in favor of it?

Mr. FULBRIGHT. I certainly do not want the Senator from Florida to think that I am criticizing his part of the work in preparing the bill.

Mr. SMATHERS. No. We have had several conversations with Admiral Nunn.

Mr. FULBRIGHT. I do not desire to detain the Senate any longer. I merely desire to say that I think the distinguished Senator from Illinois [Mr. DOUGLAS] deserves great credit for protecting the interests of the United States Government by insisting on some debate on the bill and insisting, as a result of his activities and the activities of other Senators, on a commitment with regard to the riders on the appropriation bills. That was the main point in which I was interested.

Mr. SMATHERS. I have no criticism of the Senator from Illinois or the Senator from Arkansas. As a matter of fact, I commend them. The only thought I wish to express is that I do not wish to have it appear that the Senator from New Mexico [Mr. ANDERSON] has been in any way derelict in his duty or has failed to protect the public.

Mr. FULBRIGHT. I did not say that. I do not think I did.

Mr. SMATHERS. I know the Senator did not, but it has begun to appear that the only persons who were protecting the rights of the Government were the Senator from Arkansas and the Senator from Illinois. I desire to say that the Senator from New Mexico previously had exerted himself to make certain that the rights of the Government were protected.

Mr. FULBRIGHT. I certainly agree that the able Senator from New Mexico was instrumental in reporting a bill which is infinitely better than the House bill. There is no doubt about that. My only regret is that there is not included in the bill a provision repealing the riders, as would have been done by the bill submitted by the Bureau of the Budget.

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. FULBRIGHT. I wish to say for the RECORD that I am opposed to the bill in any case.

Mr. DOUGLAS. I also wish to say for the RECORD that I am opposed to the passage of the bill.

Mr. ANDERSON. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. ANDERSON. I simply wish to ask permission to have printed at this point in the RECORD a statement by A. D. Edmonston, State engineer of the State of California, which contains figures which clearly set forth the stream flow and give some indication of the stream pattern.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF A. D. EDMONDSTON, STATE ENGINEER, STATE OF CALIFORNIA, TO THE SUBCOMMITTEE OF THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS AT A HEARING ON S. 2521, MARCH 12, 1954

The State of California, through the division of water resources, is currently engaged in an investigation of the water resources of the Santa Margarita River watershed, for the benefit of all landowners and water users in the area. This investigation is of concern not only to local interests, but to the entire State, and the division of water resources is concerned in future development of the Santa Margarita River watershed as representative of all these interests in furtherance of the public welfare.

This investigation was authorized by the California State Legislature in its Budget Act of 1952, chapter 3, statutes of 1952, and the sum of $150,000 was appropriated to the division of water resources for this purpose. Fieldwork started in July 1952, and has been carried out from temporary headquarters in the town of Murrieta located within the Santa Margarita River watershed. Although a report on this investigation is not scheduled for completion until the summer of 1955, field surveys are essentially completed and sufficient preliminary studies have been made so that tentative conclusions regarding the water supply situation in the watershed can be made at this time.

The primary objectives of the investigation are as follows:

1. Evaluation of the water supply of the Santa Margarita River and its tributaries.

2. Determination of the extent of present developments and water requirements therefor.

3. Estimation of the probable extent of ultimate developments and water requirements therefor.

4. Investigation of methods of further conservation of local water resources.

5. Evaluation of the need for imported water, and the development of plans for such importation.

The Santa Margarita River watershed, encompassing an area of some 740 square miles, has an average annual undepleted natural runoff at its mouth of 36,000 acre-feet of which 25,000 acre-feet per year is presently wasting to the ocean. Typical of other streams in southern California, runoff in the Santa Margarita River is extremely erratic in nature. During the 15-year period from 1936–37 to 1950–51, the mean daily discharge to the ocean varied from 30,700 acre-feet on March 3, 1938, to zero from March 1949 through the year 1951. Runoff varies over wide limits during a given year with most of the flow occurring during the winter months and with little or no flow at the mouth of the river during the summer months. For example, during the seasonal year of 1937–38 when 122,000 acre-feet discharged to the ocean, 106,400 acre-feet of this occurred in the month of March, and 75,000 acre-feet occurred in 4 consecutive days of that month. Cyclic and seasonal storage is required in order to make this erratic waste available for beneficial use.

Mr. KUCHEL. Mr. President, I apologize to the distinguished Senator from New Mexico for not having inserted that statement in the RECORD. I ask unanimous consent that the recommendations of the Corps of Engineers and the district engineer on the feasibility of the project likewise be printed in the RECORD at this point.

There being no objection, the recommendations were ordered to be printed in the RECORD, as follows:

RECOMMENDATIONS OF THE DISTRICT ENGINEER, AS APPROVED BY THE DIVISION ENGINEER, CORPS OF ENGINEERS, MARCH 15, 1949

(a) That the United States adopt a water-conservation and flood-control project for the construction of a multiple-purpose reservoir at the DeLuz site, river mile 12, on Santa Margarita River, Calif., that would produce an estimated safe annual yield of 20,000 acre-feet of water for domestic, military, and irrigation uses and that would reduce the design flood of 55,000 cubic feet per second to 20,000 cubic feet per second, at a total estimated first cost to the United States of $17,380,000, including costs of utility and road relocations and the cost of rights-of-way.

(b) That the first cost of the reservoir and appurtenances, as outlined above, be allocated in proportion to: (1) the water-conservation benefits that would accrue to the United States (Department of the Navy), (2) the flood-control benefits, and (3) the water-conservation benefits that would accrue to the Fallbrook Public Utility District. On this basis, the nonreimbursable part of the first costs would be $13,347,000, of which $12,099,000 would be for the water supply to the Department of the Navy and $1,248,000 would be for flood control; and the reimbursable part of the first costs would be $4,033,000 for a supplementary water supply to the Fallbrook Public Utility District.

(c) That the average annual costs of maintenance and operation of the reservoir be also allocated on the basis of benefits estimated as follows: $25,000 to the Department of the Navy; $2,600 to flood control; and $8,400 to the Fallbrook Public Utility District.

(d) That local interests furnish satisfactory assurances to the United States that they are willing and able to reimburse the United States under the provisions of section 8, Public Law 534, 78th Congress, and as set forth in this report, subject to final adjustment when the actual costs are known, a sum equal to their share of the cost of the reservoir plus the cost of the distribution system that would be required for the Fallbrook Public Utility District, and that the utility district also pay for the average annual maintenance and operation costs of that distribution system.

A. T. W. MOORE,
Colonel, Corps of Engineers,
District Engineer.

Annual flow of the Santa Margarita River in acre-feet

[From published records of U. S. Geological Survey, except as noted]

Oct. 1 to Sept. 30—	Temecula Creek, Nigger Canyon	Temecula Creek, Railroad Canyon	Santa Margarita, Fallbrook	Murrieta Creek, Temecula, Calif.	Santa Margarita, Ysidora	O'Neill ditch, near Ysidora, Calif.
1923–24	5,310	6,180	----------	----------	2,360	----------
1924–25	3,520	4,510	3,660	----------	790	[1] 1,526
1925–26	8,930	9,580	12,500	----------	15,700	[1] 1,204
1926–27	40,500	73,400	85,100	----------	91,200	[1] 2,275
1927–28	3,350	4,950	5,480	----------	4,000	[1] 1,617
1928–29	4,660	4,930	4,830	----------	1,360	[1] 2,564
1929–30	6,020	7,711	8,680	----------	[1] 5,834	[1] 3,902
1930–31	2,130	4,970	4,920	952	3,660	2,540
1931–32	17,300	32,300	36,900	15,700	40,600	3,050
1932–33	4,160	6,540	6,940	989	6,520	2,200
1933–34	1,810	4,590	4,870	426	5,010	2,490
1934–35	4,270	6,720	7,780	2,020	12,990	1,270
1935–36	3,930	6,780	7,070	2,390	11,060	2,340
1936–37	36,660	60,860	78,310	22,400	117,200	2,470
1937–38	31,910	71,930	91,090	31,500	122,000	3,340
1938–39	8,400	15,070	18,850	4,990	22,900	2,100
1939–40	6,470	13,760	16,720	6,420	22,320	1,080
1940–41	25,040	59,290	83,100	31,270	117,600	1,800
1941–42	10,340	13,080	15,760	1,520	16,930	1,640
1942–43	13,630	47,620	57,890	31,340	74,270	1,160
1943–44	7,820	18,230	21,850	7,480	27,800	4,940
1944–45	7,230	17,950	15,560	4,700	20,270	2,280
1945–46	4,890	10,520	11,150	2,830	11,680	3,020
1946–47	3,070	7,780	8,700	1,300	6,930	2,100
1947–48	2,370	5,920	6,640	687	562	4,940
1948–49	307	5,310	5,880	700	479	4,340
1949–50	[2] 274	4,160	3,910	555	0	1,950
1950–51	----------	3,240	2,750	444	0	1,453
1951–52	----------	[3] 30,187	[3] 39,494	[3] 23,150	[3] 49,483	[3] 183
Average	9,789	18,382	23,800	8,807	27,983	2,349
Median	5,310	7,780	9,925	2,610	11,680	2,237

[1] From Rancho Santa Margarita reports.
[2] Unpublished U. S. Geological Survey records.
[3] From U. S. Marine Corps records.

Mr. DOUGLAS. Mr. President, in view of the fact that, at the last minute, certain statistics have been introduced, which may make the RECORD appear to be a little different from what it has been up to this point, I should like to ask, even on the assumption of 27,500 acre-feet which the committee in its report seems to favor as a probable annual average flow into the ocean, how that aggregate can support the following claims:

First, the 11,000 acre-feet, found by the lower court to be the right of the United States; second, the 4,400 acre-feet which will be lost by evaporation from the reservoir, which was admitted by the engineer of the State of California, on page 32 of the hearings; third, the 20,000 acre-feet of additional "net safe yield," apparently required by the bill in section 1 (d).

Taking all these together, we arrive at 35,400 acre-feet; whereas, according to the committee's estimate of 27,500 acre-feet based on historical flows, there will apparently be a deficit of 7,500 acre-feet.

I think we are likely to find that there will be no water to be distributed, and that this project is likely to be called somebody's folly.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

Mr. KUCHEL. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. I move that that motion be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the senior Senator from California.

The motion to lay on the table was agreed to.

The preamble was rejected.

The title was amended so as to read: "An act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, Calif., and for other purposes."

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the "record of Department of Justice in relation to Navy-Fallbrook controversy over waters of Santa Margarita River, Calif."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

RECORD OF DEPARTMENT OF JUSTICE IN RELATION TO NAVY-FALLBROOK CONTROVERSY OVER WATERS OF SANTA MARGARITA RIVER, CALIF.

1. VAIL EPISODE IN WHICH JUSTICE DEPARTMENT WENT BACK ON ITS WORD

1948–49: During this period negotiations between Navy and Fallbrook Public Utility District were carried on, seeking to settle pending controversy over conflicting claims to the waters of the Santa Margarita River, San Diego County, Calif., reaching a tentative agreement for the division of all of the waters that could be stored in a dam at the DeLuz site on the basis of 12,500 acre-feet per annum to Navy and 7,500 acre-feet per annum to Fallbrook. (See hearing, subcommittee of House Committee on Interior and Insular Affairs, Aug. 13 and 14, 1951, pp. 31–34.)

May 4 and 5, 1949: Conference was called in Reclamation Bureau Office, Washington, D. C., attended by representatives of the Reclamation Bureau, Army engineers, Fallbrook Public Utility District, and Mr. William H. Veeder representing Department of Justice. Mr. Veeder objected to tentative agreement, referring to the stipulated judgment between the Vail Co. and Rancho Santa Margarita, predecessor of Navy, and advised that any act outside the stipulated judgment as proposed in the tentative agreement could result in a loss of property rights by the United States in such waters. It was agreed that if Vail interests would sign a consent and waiver the Department of Justice objection would be overcome. (See hearings, subcommittee of House Committee on Interior and Insular Affairs, Aug. 13 and 14, 1951, pp. 34–36.)

June 9, 1949: Justice Department drafted form of such waiver and release for Vail interests to sign and transmitted it to the Navy Department in a letter written by Mr. A. Devitt Vanech, Assistant Attorney General, declaring therein that if it was signed it would be "adequate to cover the proposition discussed between representatives of your Department and representatives of this Department." Thereafter, Vail's duly executed letter of consent and waiver in the form drafted by Department of Justice returning same to Navy Department. (See hearings, subcommittee of House Committee on Interior and Insular Affairs, Aug. 13 and 14, 1951, pp. 36–37.)

September 29, 1949: Congressman McKinnon wrote Fallbrook Public District "I find that second Vail letter has overcome the original objections, consequently I am asking Admiral Manning at the Navy and Mr. Bennett of the Bureau of the Reclamation to double check with higher echelon to be sure that the present wording of the bill is agreeable to all and as soon as they agree to the bill, I will introduce it in the House."

However, Justice Department went back on its word and continued undercover opposition preventing any action by Navy. (See hearings of subcommittee of House Committee on Interior and Insular Affairs, Aug. 13 and 14, 1951, pp. 38–41.)

2. 1949 MEMORANDUM OF UNDERSTANDING WHICH DEPARTMENT OF JUSTICE REPRESENTATIVES HELPED DRAFT SUBSEQUENTLY REPUDIATED BY SAME REPRESENTATIVES

December 13 and 14, 1949: New conference called and held of representatives of Navy, Army Engineers, Reclamation Bureau, and Fallbrook meeting at San Diego. A unanimous agreement was reached and the Memorandum of Understanding drawn up. (See letter, Capt. C. R. Johnson printed in hearings before special subcommittee, House Committee on Interior and Insular Affairs, Aug. 13 and 14, 1951, pp. 44–46.)

January–March 1950: During this period the Memorandum of Understanding received the approval by Admiral Jelley for the Bureau of Yards and Docks, by Chief of Naval Operations and by Assistant Secretary of the Navy and was placed on desk of Secretary of Navy but representatives of Department of Justice (Mr. William H. Veeder) continued undercover opposition.

NOTE.—Special Federal representatives flown from Washington to San Diego who participated in drafting the Memorandum of Understanding included William H. Veeder, representing the Department of Justice who subsequently filed the suit, David W. Agnew, attorney in Navy Department who subsequently was specially appointed to represent Department of Justice in prosecuting the suit, and Col. A. E. Dubber, predecessor of Colonel Robertson now actively opposing any out-of-court settlement.

June 21, 1950: Undercover opposition of Department of Justice came out in the open in a letter dated June 21, 1950, signed by Assistant Attorney General (probably A. Devitt Vanech) addressed to the Navy Department, contents of which have been kept secret.

November 14, 1950: Acting Secretary of Navy Dan Kimball replied to the Department of Justice's last-mentioned letter of June 21, 1950, giving them the authority the Justice Department needed in order to file the now famous action, *United States of America* v. *Fallbrook Public Utility District et al.*

In that letter the Navy makes it clear that they were reversing their prior position on account of "the views expressed in the letter of Assistant Attorney General dated June 21, 1950." (See copy attached as exhibit A.)

NOTE.—Dan Kimball while Secretary of the Navy repeatedly told Fallbrook representatives that he wanted to sign the 1949 Memorandum of Understanding but was told by his legal advisers that he could not do so.

3. THE ATTORNEYS FOR THE DEPARTMENT OF JUSTICE HAVE IGNORED THE STIPULATION THEY MADE WITH THE STATE OF CALIFORNIA TO THE EFFECT THAT THE RIGHTS OF THE UNITED STATES TO THE USE OF WATER SHOULD BE MEASURED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA

January 25, 1951: Department of Justice filed its complaint in *U. S. A.* v. *Fallbrook Public Utility District et al.*, claiming "paramount right to 35,000 acre-feet of water annually from the Santa Margarita River" (par. VIII), which is more than the average long time record flow of the river, and charging that each and every defendant who was an upstream diverter of the waters of said river was acting "in direct violation of the rights of the United States of America and in complete disregard of the need of the water in question for National Defense; the defendants by reason of their diversions from the Santa Margarita River upstream from Camp Pendleton caused the intrusion of saltwater from the Pacific Ocean—and encroaching upon—the already insufficient water supply required for the Nation's defense in connection with Camp Pendleton, United States Naval Hospital and the Naval Ammunition Depot" (par. IX). The prayer asked among other things, a declaration "That all the rights of the United States of America in and to the Santa Margarita River are paramount to the rights of the defendants herein named," and "that by virtue of the riparian character of the lands above mentioned and the ownership of them by the United States, and by reason of its acquisition of the above-mentioned rights to the use of water and the application of those rights to military purposes," the court should "forever enjoin those defendants from encroaching or infringing upon or threatening to encroach or infringe upon the rights of the United States of America as hereinabove set forth."

The outcry against the suit was nationwide. Accordingly on—

November 29, 1951: Department of Justice attorneys signed a stipulation with the Attorney General of the State of California declaring in paragraph III thereof that the United States of America claims by reason of its sovereign status no right to the use of a greater quantity of water than the Rancho Santa Margarita had, and in paragraph IV, "That the rights of the United States of America to the use of water herein are to be measured in accordance with the laws of the State of California." Yet on—

December 22, 1951: Department of Justice attorneys filed the reply of the United States of America to answer of Fallbrook Public Utility District in which they asserted, in violation of the above stipulation with the State of California:

(a) That permits issued by the Division of Water Resources of the State of California under the laws of the State of California constituted a cloud upon the rights of the United States (par. II).

(b) Reaffirmed the allegations of the complaint that the State of California ceded exclusive jurisdiction over the lands comprising the military establishments described in the complaint, including the rights to the use of water, the subject matter of the complaint (par. IV), the effect of which allegation was that State laws were to be ignored and did not apply since the rights to the use of water, the subject matter of the complaint, included all the water in the river.

(c) Reaffirms and realleges all of the allegations in paragraph VIII of the complaint that its right to 35,000 acre-feet of water annually from the Santa Margarita River are paramount to the alleged rights of the Fallbrook Public Utility District. The rights of the United States in the Santa Margarita River to which it succeeded at the time of the purchase of the Rancho Santa Margarita entitled it to quantities of water which far exceed the supply of water available in the Santa Margarita River (par. IX).

(d) The reply concluded with the prayer that judgment be granted it in accordance with the prayer for relief in the complaint in this action, which brought back the Government's claim made in its complaint that it had paramount rights by virtue of the ownership of them by the United States and the application of those rights to military purposes.

Clearly these renewed claims were inconsistent with the stipulation.

November–December 1952. Justice Department attorneys have continued to ignore their stipulation with the State of California on all vital points in issue in the lawsuit, urging upon the court and successfully persuaded the court to adopt their views and in violation of State law to declare:

(a) That the Navy, a downstream diverter, could and did gain prescriptive rights to store water and to divert water out of the watershed against upstream water users not-

withstanding that, at the time and place of diversion, the water had passed all other possible users or claimants' points of diversion and was as to them excess, surplus, and unusable waste water. In 25 Cal. Jur. 1074, section 74, of Waters, it is said, supported by numerous citations to California cases, "A riparian has no interest in water which has passed his land and his rights are not invaded by any use thereof; he may not object to any diversion below him, even for nonriparian uses or for unlawful or wasteful purposes, though in apportioning water only proper uses will be allowed for." California Supreme Court in the recent case of *City of Pasadena* v. *City of Alhambra* (33 C (2) 908,926) declared: "Prescriptive rights are not acquired by the taking of surplus or excess water."

(b) That the Navy, under its riparian rights, has the right to demand water for storage, either in surface or subsurface reservoirs or by both, for future use, in preference to lawfully recognized appropriators acting under permits issued pursuant to the laws of the State of California.

"The seasonal storage of water in a reservoir, that is, the storage of water during the wet season to be used during the dry season of the year is not a proper exercise of riparian rights." (*Moore* v. *Cal. Oregon Power Co.*, 22 C. (2) 725, 731).)

To same effect: *Seneca Consol. Gold Mines Co.* v. *Great Western Power Co.* (209 C. 206); *Colo. Power Co.* v. *Pacific Gas & Electric Co.* (218 C. 559–564–565); *City of Lodi* v. *East Bay Mun. Utility Dist.* (7 C (2) 316, 335).

(c) That the Navy, under its riparian claims, has the right to demand that excess or surplus water come down to it for use in a water-spreading project to put such water into its underground basin notwithstanding that State laws declare that water spreading is an appropriative right. (See water code division 2, pt. 2, appropriation of water section 1242 authorizing appropriations to be made for storing water underground.)

(d) That under the theory of "substituted use" military uses can take the place of agricultural uses on riparian lands and thereby free the riparian right from the limitation of having to use the water within the watershed and therefore the Government can take Santa Margarita River water wherever military needs require, even out of the watershed.

In 25 Cal. Jur. 1079, waters section 81, it is said: "Land not within the watershed can have no riparian rights therein although it may be part of an entire tract which extends to the stream." (See *Mt. Shasta Power Corp.* v. *McArthur* (109 CA 171, 191).)

In *Rancho Santa Margarita* v. *Vail* (11 C (2) 501, 529) it is declared: "The land, in order to be riparian must be within the watershed of the stream."

Notwithstanding the foregoing oldest and best known rule of law governing riparian rights, the Government has, according to its own exhibit 40 introduced by representatives of the Department of Justice during the lawsuit, taken out of the watershed the amounts of water shown in the table below:

Quantities of water from the Santa Margarita River historically utilized both within and without the watershed by the United States of America

[In acre-feet]

Year	Within	Without	Total
1943	5,389	1,591	6,980
1944	5,298	1,785	7,083
1945	6,396	4,332	10,728
1946	6,160	3,729	9,889
1947	6,374	4,350	10,724
1948	6,894	4,417	11,311
1949	6,637	5,008	11,645
1950	6,407	4,402	10,809
1951	6,275	3,983	10,258

(e) That in determining whether there existed excess or surplus water available for appropriation, the court could average the annual flow of the river and place against that amount of water the maximum possible amount of water which the Government could use on its riparian lands and thereby prove there was no surplus. State laws recognize riparian rights as attaching only to the ordinary or normal flow of a stream. In 25 Cal. Jur. 1099 refers to a lower owners' right to water which would or would not reach his land "under natural and normal conditions."

This would preclude the Government's riparian rights from attaching to excess flood waters which ran off to the sea, sometimes in a few hours or a few days, and it would also preclude it from "averaging" the long-time recorded flow of the river in order to claim a bigger water right, since such average waterflow would not, naturally and normally, be actually present most of the time or in most of the years when needed.

It should be interesting to note that although attorneys representing the Justice Department persuaded the Court to declare in his decision that there was no excess or surplus water, the very preceding year 46,481 acre-feet of Santa Margarita River water wasted into the ocean. Also the latest report on this controversy, just presented to the Under Secretary of the Navy, unanimously agreed to by Army engineers, Reclamation Bureau engineers, United States Geological Survey and Navy representatives is that:

"The United States Geological Survey computes the discharge of the Santa Margarita River at the Ysidora gage, which gage measures the stream as it enters the Pacific Ocean and, therefore, measures the amount of water escaping use and available for capture, to have averaged 28,710 acre-feet annually."

The attorney general of the State of California is convinced that the judgment of Judge Yankwich is not in accordance with State laws and must be appealed.

See memorandum of George G. Grover, deputy attorney, to Attorney General Brown attached as exhibit D, which shows that the position of the Department of Justice attorneys and adopted by the Court is not in accordance with the laws of the State of California.

4. JUSTICE DEPARTMENT FLOUTED AND VIOLATED THE WILL OF CONGRESS SET OUT IN SECTION 208 (D) OF THE DEPARTMENT OF JUSTICE APPROPRIATION ACT, 1953

The exchange of letters between the officials of the Department of Justice and officials of the Navy Department, copies of which are attached hereto as exhibit C reveal that the officials of Department of Justice who are sworn to uphold and enforce the laws of Congress were the first to connive at and help devise means of circumventing and evading the clear will and intent of Congress. While purporting to observe the letter of law, they proceeded to flout the spirit and purpose of that law. This was so completely and so forcibly pointed out by the Comptroller General of the United States in his report to Congress that the matter would not be mentioned here but for the fact that it has been the same defiant attitude, pursued and practiced by certain of the Government's attorneys, which has provoked the nationwide criticism of this litigation. The Department of Justice cannot very well escape blame since it was solely by virtue of Attorney General McGranery's willingness to clothe David W. Agnew, attorney for the Navy, with special powers and authority that enabled the Navy attorneys to prosecute the litigation in open violation of the act of Congress.

EXHIBIT A

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, November 14, 1950.

The Honorable the ATTORNEY GENERAL OF THE UNITED STATES,
Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: Upon receipt of your letter of June 21, 1950, and the data submitted therewith, further consideration was given by this Department to the various problems which have arisen in connection with the proposed construction of a dam on the Santa Margarita River, San Diego County, Calif., at the De Luz Dam site, and the various applications which have been filed with the State engineer, Department of Public Works, Division of Water Resources, State of California, for the appropriation of water from the Temecula-Santa Margarita River.

There have been forwarded to the office of the Assistant Attorney General, Lands Division, copies of applications for the appropriation of water filed with the State engineer, Division of Water Resources, State of California, by the Fallbrook Public Utility District, Delix R. Garnsey, A. F. Borel, and the Pratt Mutual Water Co. The Fallbrook Public Utility District has been granted by the State engineer, Division of Water Resources of the State of California, a permit purported to authorize said public utility district to pump from the Temecula-Santa Margarita River 2.5 cubic feet of water per second from April 1 to November 1 of each year, and throughout the remainder of each year as required for domestic and municipal uses.

It is considered that the applications filed with the State engineer, Division of Water Resources of the State of California, and the purported permit to the Fallbrook Public Utility District granted by the State engineer for the appropriation of 2.5 cubic feet of water per second adversely affect the Government's right, title, and interest in and to the use of the waters of the Temecula-Santa Margarita River.

In addition to the above, it has been brought to my attention that Ernest Louis Barbey and Essie Beulah Barbey have instituted a proceeding in the Superior Court of the State of California in and for the County of San Diego against James Oviatt and others relating to the waters of the Temecula-Santa Margarita River, and that Mary Vail Wilkinson, Mahlon Vail, Edward N. Vail, Margaret Vail Wise and Nita M. Vail, trustee, have filed a cross complaint therein. As you are aware, these cross complainants were parties in the proceeding entitled *Rancho Santa Margarita, plaintiff,* v. *N. R. Vail et al.,* and are parties to the stipulated judgment entered in this proceeding wherein the rights of the parties thereto in and to the use of the waters of the Temecula-Santa Margarita River were adjudicated.

The United States of America succeeded to the rights owned by the Rancho Santa Margarita upon the vesting of title to the lands formerly owned by said Rancho in the Government. While the United States is not a party to the proceeding instituted by Ernest Louis Barbey and his wife, it is considered that the rights of the United States of America in and to the use of the waters of the Temecula-Santa Margarita River as defined in the stipulated judgment entered in the *Rancho Santa Margarita* v. *Vail* proceeding are involved in the proceeeding instituted by Mr. Barbey.

In view of the above-mentioned proceeding instituted by Barber, the pending applications for the appropriation of water and actual diversion of water from the river, and the views expressed in the letter to the Assistant Attorney General dated June 21, 1950, it is requested that your Department take such action as you consider appropriate

under the circumstances to protect the rights of the United States of America in and to the waters of the Temecula-Santa Margarita River and its tributaries.

It is anticipated that certain additional information will be desired by you in connection with this matter and it is suggested that you call upon the Chief of the Bureau of Yards and Docks of this Department for such information as you may require.

Sincerely yours,

DAN A. KIMBALL,
Acting Secretary of the Navy.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the testimony which was given before the Senate Committee on Appropriations when certain questions were asked of Admiral Nunn relative to the bill which was reported and has now been passed by the Senate.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

Senator FERGUSON. Are you familiar with the legislation which will probably be taken up Friday?

Admiral NUNN. Yes, sir.

Senator FERGUSON. What does it do?

Admiral NUNN. Well, that legislation, sir, authorizes the construction of a dam on the Santa Margarita River in southern California, and the impounding of waters behind that dam, and the allocation of the impounded waters in the ratio of 60 percent to the Government and 40 percent to the public utility district.

Senator FERGUSON. Is that satisfactory to you?

Admiral NUNN. I haven't finished yet, sir. That is the general theory of the bill.

Now, the interests of the Government are safeguarded, we believe, in that bill, the Senate version, the one reported to the Senate and is now on the Senate Calendar, by three provisions.

One is that the construction of a dam at all is contingent upon the finding by the Secretary of the Interior that there is 20,000 acre-feet of surplus water available at the dam site, taking into account the exercise of existing rights or probable exercise of existing water rights at that point including those of the Government, sir, and specifying and naming those rights of the Government, and taking into account, too, the hydrology of the stream at that point. That is one thing. That would require a determination of rights before the dam can be built.

Secondly, the Government is protected by providing that the Department of Defense will not pay anything for this dam until and unless it is completed and the Government makes use of the facilities.

The theory behind that is that the Government, if its rights are adjudicated, has enough water there so that it will not require the expenditure of Government funds to construct that dam.

Third, the Government's rights are protected by a provision in the bill which says that there is no relinquishment of Government rights to be taken from enactment of the bill, and most importantly of all that in the preservation of the Government's rights, the Government's water, whatever it may be, shall be free to flow freely past that dam, the reason being that under California law you cannot impound riparian water, and most of the Government's water rights out there are riparian in character.

If impounded, we would lose them.

Now, sir, we feel in the executive branch that that bill protects the interests of the United States. We cannot be sure, of course, as you will realize, that even if the Senate passes that version that the conferees will come out with a complete bill. The House has passed a bill which is unsatisfactory to the Department of Defense and the Justice Department.

DEPARTMENT OF AGRICULTURE APPROPRIATIONS, 1955

Mr. KNOWLAND. Mr. President, I do not intend to ask that the bill be taken up tonight, but I move that the Senate proceed to the consideration of Calendar No. 1438, House bill 8779, the agricultural appropriation bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8779) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1955, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

ANNIVERSARY OF ARMENIAN INDEPENDENCE DAY

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks a statement prepared by me on the anniversary of Armenian Independence Day.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FERGUSON OF THE ANNIVERSARY OF ARMENIAN INDEPENDENCE DAY, MAY 28, 1954

It is a pleasure for me to salute the memory of the courageous Armenian people who kept alive the dreams of independence for their homeland through centuries of domination by foreign nations.

One of the most welcome of the developments which resulted from World War I was the rebirth of the independent Armenian Nation, whose independence was proclaimed May 28, 1918.

Armenian history goes back to Assyrian-Babylonian time, but it is largely a record of continuous struggle against larger, more powerful neighbors. The country has been overrun by the Romans, Persians, Arabs, Turks, and Russians. During the long periods of subjection and misery, the Armenians never lost sight of their national goal—the regaining of their political independence.

Even the massacres which took place during World War I could not diminish their love of independence and freedom, and, on May 28, 1918, the independence of the Armenian Nation was proclaimed.

It is fitting and appropriate that we should observe this occasion here in America and throughout the free world because it is the treasured memory of these periods of freedom that keeps alive the spirit of liberty in the hearts and souls of the Armenians who do not have their freedom today.

It is this love of freedom and liberty that is essential if man is to expand the frontiers of freedom in the world.

Mr. HUMPHREY. Mr. President, today, May 28, is the 36th anniversary of Armenian Independence Day. It is an occasion particularly worthy of our observance, for this day symbolizes and recalls for us the unquenchable aspirations of a proud nation to maintain its identity and secure its freedom.

Despite their long history of human bondage to larger nations, the Armenian people have held fast to their purpose of achieving liberty. Their homeland, so close to the center of early human history, has been the victim of frequent invasions and foreign despotisms. Its mountains and valleys have been alternately laid waste and transferred among major powers as a result of bloody wars and cynical treaty agreements. Its people have been harnessed to tyrannical yokes, driven from their soil, and brutally massacred. Yet they have never ceased to struggle for their independence.

The spirit of freedom is not easily crushed; indeed, it survives human life, as the Armenians proved. On May 28, 1918, after centuries of oppression, this sturdy people again proclaimed their independence. However, less than 3 years later, as a result of a last bloody war between Soviet Russia and Turkey, the little nation was again subjugated and divided, the largest part being bound over to the Soviet Union.

Today, Armenia has the status of a republic within the U. S. S. R. No one can seriously believe that this status guarantees meaningful self-determination or liberty to the Armenian people. However, neither does anyone doubt that that their magnificent devotion to these ideals has been crushed or seriously diminished under this latest tyranny.

The awe-inspring history of this devotion is a compelling lesson to all peoples who are secure in their freedom, lest they tend to take their own enviable condition too much for granted. As leaders of the free world, we Americans have an especial reason to pause today in observance of the anniversary of Armenian independence and to express our hope that this day may soon again be celebrated in freedom and joy by the proud people who proclaimed it 36 years ago.

ORDER FOR RECESS TO TUESDAY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors today it take a recess until Tuesday next at 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNIST INFLUENCES IN GUATEMALA

Mr. SMATHERS. Mr. President, we have heard much recently about the mysterious shipment of arms from behind the Iron Curtain to the Government of Guatemala.

In the belief that what actually took place will be of interest to the Senate, I wish to trace this shipment according to information gathered by me and my staff.

A cargo ship left the port of Stettin, Poland, April 17, 1954, headed for Dakar. According to reports, it was loaded with optical equipment, laboratory equipment, and miscellaneous farm machinery—1,900 tons of it, or enough to provide about two pairs of spectacles for every Guatemalan, and to provide each of them with a laboratory.

But this ship never arrived at Dakar. It was diverted to Curaçao, but before it approached Curaçao it was diverted to Puerto Cortez, and finally to Puerto

Barrios, Guatemala, where it arrived May 15.

At this Guatemalan port, it docked at night. There to meet it was the Government's Minister of Defense. There also was a sizable contingent of armed soldiers, and a large number of soldier-workmen with cargo vehicles. Under cover of darkness and under protection of the armed guards who kept the curious away, the ship was unloaded.

But there was sufficient evidence for our Government, and other apprehensive Latin American governments, to establish the fact that the shipment was arms and ammunition, some $10 million worth, obtained under some arrangement other than a straight purchase, although the movement was sufficiently guarded to prevent the curious from knowing where the arms were taken that night.

It now has been established and admitted that the shipment was of arms—upsetting the military balance in all of Central America and posing a threat, if not indeed exhibiting a plot, against freedom in this hemisphere.

Mr. President, this devious and surreptitious handling of the arms shipment into Guatemala has a significance which is perhaps beyond the mere setting of a powder key in Latin America. It reveals to us a Russian intervention in Latin America and emphasizes a challege this Nation has no choice but to meet.

This pattern of intervention is identical with that employed in first steps taken by Russian agents which led to the drawing of Soviet Russia's now satellites behind the Iron Curtain. It is a pattern of intervention adjusted to Western Hemisphere ways, for only until recently did the Communists come out into the open, having chosen in the past to remain behind the scenes. They have conspired and operated to silence their critics—as in the case of the anti-Communist radio station in Guatemala which was recently forced off the air.

That pattern of intervention was followed when Guatemala sent three consuls into northern Honduras, where, before the Honduran Government discovered their mission and declared them to be persona non grata, they had organized the workers and set in motion and directed a major strike. This strike, according to our information, has been conducted in the Communist manner, with workers thoroughly disciplined and carrying out precise orders completely uncharacteristic of these natives of Guatemala and Honduras.

The United States nonintervention policy among the Americas is traditional and clear. It is that there shall be no intervention in the internal affairs of any one nation by another nation of our hemisphere.

The United States has another policy which has been the doctrine of the Western Hemisphere nations for more than one and a quarter centuries—the Monroe Doctrine—which has kept the rest of the world on notice that the Western Hemisphere will brook no outside interference from the Old World, or from nations in any other area of the globe.

This policy has been reaffirmed in the Rio treaty, in the Bogatá Conference, and in the Caracas resolutions subscribed to just this year.

So, Mr. President, are we not in honor bound to recognize what is happening for what it is—intervention in the internal affairs of the nations of this hemisphere by nations from the Old World? And are we not solemnly pledged to prevent and to frustrate such intervention?

Mr. President, we all recognize the Communist pattern, and we all admit how diabolically clever it is. We are familiar with the Communist argument that what is taking place is "internal social reforms" which are no concern to outsiders.

What is actually happening, however, is that with the movement of arms into Central America, the now familiar Communist technique, propaganda plus arms—is now taking place. We will now hear, in growing crescendo, denunciations of the United States for being protectors of "oppressive, capitalistic exploiters."

Mr. President, as I understand, our policy is clear on the question of expropriation, which is a problem in Guatemala, and which has been a problem in other countries. That policy is a demand for "prompt, adequate, and effective compensation." As a nation, we will not use our force and prestige to keep the United Fruit Co., or any other private company, within the borders of a Latin American nation which does not want it. Our policy is and has been to aid and assist our Latin American friends in the development of their countries, the improvement of working conditions, and the raising of standards of living. And while we have not, in my judgment, gone far enough in this regard, nevertheless our aid, affection, and attention has been constant. Therefore, I do not believe our neighbors to the south will be fooled by the Communist propaganda.

The free world will soon know and understand that the Politburo of Guatemala is reporting directly to Moscow and is taking orders from Moscow. Of the 11 members of the Guatemalan Communist Politburo, 6 have visited Moscow and 5 have been to that Soviet Capital for indoctrination and instruction within the past 2 years. The latter are: Jose Alberto Cardoza, Victor Manuel Gutierrez, Carlos Manuel Pellecer, Jose Louis Ramos, and Mario Silva.

Only last fall, the sixth, the secretary general of Guatemala, Jose Manuel Fortuny, went to Moscow, along with Dionisio Encína, the secretary general of the Communist Party of Mexico. They went to Moscow on November 5, 1953, and they returned, well armed with propaganda and instructions, on January 12, 1954. A seventh, Virgilio Guerra, is reported as scheduled to leave very soon for Moscow, to receive instructions in labor organization. During last year—1953—some 50 or 60 persons from Guatemala visited Russia for the same reason.

The pattern of Soviet Communist penetration in Guatemala becomes clear from an analysis of labor and political groups. I think it fair to say that there is a clear and unmistakable link with the Soviet in all these groups.

The Guatemalan General Confederation of Workers is affiliated with the World Federation of Trade Unions, an international Communist-dominated organization, with headquarters in the Communist sector of Vienna; and the Secretary-General is the same Gutierrez I mentioned a moment ago, who has received his indoctrination, training, and directions from Moscow. In this Guatemalan labor group are trained Communists, and six of them have been indoctrinated in Russia.

The National Peasant Confederation of Guatemala has a similar Communist affiliation; and its secretary general, Leonardo Castillo, was in Russia, receiving instruction, in 1953.

The Alliance of Democratic Youth of Guatemala is affiliated with the World Federation of Democratic Youth, the international Communist youth organization with headquarters at Bucharest, in Communist Rumania; and the secretary general, Adelberto Torres, went to Moscow for indoctrination and training in 1953.

The Alliance of Guatemala Women is affiliated with the International Federation of Democratic Women, the Communist organization with headquarters in the Soviet sector of Berlin.

The secretary general of the Alliance of Guatemala Women, Dora Franco, not only visited Communist Russia in 1952, but also visited Communist headquarters in Red China.

The University Democratic Front, an organization at Guatemala's national university, is an affiliate with the Communist International Student Union, with headquarters at Prague, in Communist Czechoslovakia. Its secretary general, Ricardo Ramirez, visited Russia in 1953.

The National Peace Committee of Guatemala is a branch of the international Communist organization, the World Peace Council, whose headquarters is at Prague. Its secretary general, Mario Silva, was in the Soviet in 1952.

So, Mr. President, we see that the agrarian, the rural, the educational patterns of life in Guatemala have been carefully and strategically infiltrated by the Communists. Leaders in the major population groups have been called to Moscow, carefully trained, and sent back home with missions of subversion, missions which direct them to destroy good will for the United States wherever and whenever they can.

Moscow has selected a handful of leaders to do the Communist dirty work, and has shrewdly kept them under cover, and their design has been kept secret, until now, when they think the time has come to make their move.

We should never have taken any comfort in the fact that out of a population of nearly 3 million, there were approximately 3,000 Communists in Guatemala. We all know that the Communists who seized control of the countries now behind the Iron Curtain in Europe and Asia have been pitiful in number, but powerful in shrewd ruthlessness and

strategic power. Mr. President, that is how Russia herself went Communist and became the headquarters for the world Communist conspiracy.

So, Mr. President, we face the ugly and infuriating fact that we now find Russian intervention in this hemisphere on an alarming scale and in violation of the Monroe Doctrine. The diabolical scheme of the enemy has become apparent and challenges the resourcefulness not only of the United States, but also of all other members of the great Organization of American States as well.

I am confident, Mr. President, that the people of the United States stand ready to meet this challenge. I am convinced that they have no intention of scrapping the Monroe Doctrine. I have faith that the peoples of Latin America are also ready to stand firm in resisting Communist intervention in our hemisphere.

It seems to me that our course is clear under the circumstances. Through the Organization of American States, we in the Western Hemisphere have agreed upon a pattern of conduct in such circumstances. We can be proud that through that Organization we have already agreed to meet a common threat with a united front and with joint action. My information is that conferences looking toward necessary action are about to be called and that joint action will be shortly forthcoming.

The masses of the people of Guatemala cherish their freedom. They are looking to us and their other neighbors in the Organization of American States for timely and decisive action to save their freedom from Communist imperialism.

We face this crisis today, Mr. President. Let us meet it coolly, calmly, and together with our Latin American allies.

But let us look beyond this crisis. What were the circumstances that encouraged the growth of communism in Latin America? What is the cause of this threat to our cherished Pan-American unity?

Does not this prove the warnings which we have heard from many sources—and which the junior Senator from Florida has for some time been repeating—namely, that in our preoccupation elsewhere, we have left undone in the Americas those things that we should have done?

I hope and I urge that the Government handle the current crisis promptly and firmly, and in a manner to strengthen the nations of the Western Hemisphere and the Western Hemisphere alliance. Simultaneously, I hope and I urge that we waste not a moment in getting about the task of selling democracy in Guatemala and in the other countries of Latin America where democracy is not at the moment a desirable commodity. We must help the people of those countries to understand our brand of democracy and to realize that it works. We must help them achieve a brand of democracy that will work and that will give freedom to all of them.

The fine people of Latin America, Mr. President, are freedom loving. Liberty should be a part of their life, as the inclination thereto is a part of their nature and character. They will, I know, embrace democracy and will spurn Communist slavery, if we will assist them in making the choice.

Mr. President, I yield the floor.

FAIR AND REASONABLE COMPETITION—THE KEYNOTE OF ECONOMIC COOPERATION AMONG THE NATIONS OF THE WESTERN HEMISPHERE

Mr. MALONE. Mr. President, the keynote of economic cooperation among the nations of the Western Hemisphere must be based on fair and reasonable competition.

I was very much interested in the address of the junior Senator from Florida [Mr. SMATHERS], urging cooperation with the nations of South America. For 8 years the junior Senator from Nevada has been a Member of this body. He has repeatedly urged that we return to the principles of the Monroe Doctrine in the Western Hemisphere, because as will be further shown on the floor of the Senate by the junior Senator from Nevada and through committee reports, we are dependent upon the other nations of the Western Hemisphere for our very existence, including national defense, and they are dependent upon us for their very lives in case of attack.

So economically we must realize some of the differences which exist in the living standards, and we must treat other nations as we would like to be treated, on the basis of fair and reasonable competition, realizing and facing the true situation. There is a broad field of agreement among the nations of the Western Hemisphere, and it must be reestablished and preserved.

REVITALIZE MONROE DOCTRINE

The principle and spirit of the Monroe Doctrine promulagated in 1843 must be revived and revitalized. It must be made to operate in the economic and national defense field, for the long-range preservation, development, and independence of the nations of the Western Hemisphere, including ourselves.

This objective cannot be reached by each nation in the Western Hemisphere striving for economic advantage over the other nations through manipulation of the exchange values of its currency, the use of quotas, trade permits, exchange permits, and other means.

The American workingmen and investors have asked only for equal access to the American markets, which means under a basis established by law, under fair and reasonable competition, under a duty or a tariff, neither high nor low, but representing the difference between wages, taxes, and other pertinent factors in the cost of production in this Nation, and the chief competitive nation.

VENEZUELA'S DRASTIC CURBS ON UNITED STATES DAIRY, FARM, AND FACTORY PRODUCTS

Mr. President, for example let Venezuela, which has dumped a billion dollars worth of foreign petroleum and fuel oils on our markets in the past 3 years, realize the differences in our living standards, wages, and taxes, and let her realize the purport of what she is doing.

This month Venezuela imposed severe quota restrictions on imports of American butter, to single out one product.

Venezuela's drastic butter quota supplements her quota curbs on American potatoes, automobile tires and cotton textiles, and her complete ban on certain other American products.

Despite Venezuela's barriers to imports from the United States, Venezuelan oil interests employ agents to combat all proposals in the Congress of the United States that might tend to ease the flood of crude and residual oils which are eroding America's own fuel industries and forcing many thousands of our citizens out of employment.

Last year an agent of Venezuela, registered as such, was Mr. Charles P. Taft. I do not know Mr. Taft's present status with relation to Venezuela, but I do know that he is going about the country making speeches in behalf of Venezuela's oil exports to the United States and attempting to belittle their effect on American jobs and industries.

Mr. Taft, who professes great interest in trade with Venezuela, should be familiar with Venezuela's controls, curbs, and quotas on American products. They are not mentioned, however, in any of the news items or releases on his speeches which have been brought to my attention.

I have failed to find in these reports mention by Mr. Charles P. Taft of Venezuela's long-standing curbs on American cotton textiles—quota restrictions which are damaging a vital segment of America's economy and diminishing employment in our American textile industry.

Nor have I found mention by any of the spokesmen for Venezuelan oil interests of Venezuela's restrictions on American farm and livestock products, on our dairy products, or on certain garden produce.

Later in his remarks the junior Senator from Nevada will discuss Venezuela's textile quotas in some detail, but at this point he prefers to take up Venezuela's restrictions on imports of American food products and the motivation for these restrictions.

Often advocates of free trade and one economic world refer to our tariffs and duties as trade barriers. Nothing could be further from the truth. When a tariff or duty is fixed on the basis of fair and reasonable competition, it simply means that the difference in wages, taxes, and other pertinent factors, including manufacturing costs, is represented by the duty or tariff. There is no attempt to keep out the products of other nations. There is no attempt to fix a high tariff or a low tariff, but simply a tariff representing the difference in living standards. As they raise their wage standard of living, duties or tariffs, on the flexible basis, come down, and whenever they reach our wage standard of living free trade will be the automatic and immediate result.

But quotas restrict imports regardless of costs or living standards. They are the real barriers.

ONLY TWO-THIRDS OF A POUND OF AMERICAN BUTTER PER VENEZUELAN PERMITTED

Venezuela, on May 4, 1954, limited imports of butter from America to 1,500

metric tons. A metric ton is 2,204.6 pounds. Venezuela's quota on imports of American butter is, therefore, 3,306,900 pounds, or slightly less than two-thirds of a pound per Venezuelan.

The United States now has in storage 385,414,996.25 pounds of surplus butter, or slightly over 174,000 metric tons, which it is eager to dispose of in the world market at world market prices, which are, of course, considerably less than the cost of butter to the housewives of our Nation.

An announcement by the Secretary of Agriculture said just that. It said that the Department was ready to sell the butter at the world price, and let the taxpayers take the loss.

It would be agreeable, I feel, to our dairy producers and to the Department of Agriculture if Venezuela, which derives 65 percent of her total revenues from exports of fuel oils and petroleum products, would permit butter imports equal to Venezuelan market demands, instead of imposing quota barriers, as she is doing.

The purpose of Venezuela's restrictive quota on American butter—imposed at a time when she is fighting any action, through tariff adjustments or otherwise, that might place her oil shipments to our markets on the basis of fair and reasonable competition with American petroleum—is obvious.

VENEZUELA'S DOUBLE STANDARD ON DUMPING

It was pointed up in a report from Caracas, Venezuela's capital, to the Department of Commerce early in the year, giving our Government fair warning of the intended action which culminated in the quota decree of May 4.

The Foreign Commerce Weekly of the Department of Commerce in its issue of January 4, 4 months precisely before Venezuela established her butter quota, stated:

> Reports from Buenos Aires on the unfavorable reception in Argentina of the United States declaration that beef was in surplus supply and would be sold to the United Kingdom for sterling, brought immediate reaction among farm and industrial groups in Venezuela.
>
> These groups fear that a policy of "dumping" is being adopted by the United States.

Mr. President, imagine such a statement from the country which last year dumped $363 million worth of competitive fuels on the United States, putting thousands of American miners out of work, and cutting down production and employment in America's own oilfields.

VENEZUELA CONTEMPLATES PROTECTIVE MEASURES

Mr. President, the junior Senator from Nevada is laying no blame on Venezuela or on any other foreign nation. The blame belongs in Congress, where that responsibility should rest.

To continue the report from Venezuela published in the Foreign Commerce Weekly of January 4, this year:

> The Venezuelan view is that dumping has not yet begun but that surpluses in the United States must be sold abroad. Those who expressed a fear of dumping proposed taking protective measures in anticipation of excessive imports from the United States.

The same article, incidentally, notes that Venezuela has increased its production of heavy crude petroleum to, as it states, "meet the better world demand for fuel oil."

Mr. President, the junior Senator from Nevada has long championed hemispheric unity and trade with South and Central America on the basis of fair and reasonable competition with equal access to friendly markets. The junior Senator from Nevada likewise has been engaged for many months in studies and investigations which indicate that the Western Hemisphere is well equipped with the critical and strategic minerals, and materials, which could make this hemisphere self-sufficient in time of peace or time of war.

But this can hardly be achieved if a nation which enjoys what virtually amounts to free access to our markets for her products in turn closes its doors to all but a limited amount of American farm products, and in some instances prohibits them entirely.

ONLY UNITED STATES KEEPS LETTER AND SPIRIT OF ITS TRADE AGREEMENTS

Mr. President, the junior Senator from Nevada does not quarrel with Venezuela for seeking to protect her own interest or to increase her revenues. His criticism is directed primarily at the law which permits the State Department to subject American industry, farmers, investors, and workingmen to trade agreements with foreign countries weighted to favor foreign interests in opposition to American interests.

RESPONSIBILITY FOR FAIR FOREIGN TRADE RESTS WITH CONGRESS

Mr. President, the responsibility rests in Congress, or should rest in Congress. The Constitution of the United States, in article I, section 8, provides that the legislative branch of the Government shall set the duties, imposts, and excises, which we call tariffs, and the Constitution also provides that the Congress shall regulate foreign trade.

However, by the enactment of the 1934 Trade Agreements Act, Congress transferred, by simple congressional act, that responsibility to the Executive.

Mr. President, if that can be done and if an act of that kind is constitutional, then Congress could also very well transfer, through a simple congressional act, every duty of the President to Congress, even over his veto, and leave the President without anything at all to do. It does not make sense.

Venezuela is not the only beneficiary of such one-sided agreements. We are merely using Venezuela as an example. We are not blaming Venezuela. We are to blame. The State Department has been rushing about the world making agreements either with individual nations or in wholesale lots through one-world organizations such as GATT, and its application of the "most favored nation" device.

ONLY UNITED STATES KEEPS LETTER AND SPIRIT OF TRADE AGREEMENTS

In all such agreements the American farmer, investor and workingman loses, and the foreign government or industrialist gains. Even when a trade agreement does on its face indicate some semblance of equity, foreign nations do not keep either the letter or the spirit of their commitments but negate them through currency manipulations, quotas, exchange restrictions and many other devices, some of them, as matters of "internal administration" known only to themselves.

Only the United States keeps its agreements both to the letter and the spirit. In these agreements with foreign nations, Mr. President, the United States has been most complacent. Never have we been given equal access to any foreign market. Never have we been offered equal access to such markets. Nor have we asked for equal access to foreign markets. What we—who are interested in the preservation of our own economy, security and living standards—do ask is equal access for American products to our own American markets. Only a tariff or duty, as the Constitution calls it, based on fair and reasonable competition with our principal competitor will assure equal access to our own markets for the products of American industry and enterprise, and preservation of the American market itself.

To return to Venezuela, which offers just one of many examples of the operation of our foreign trade policy under the Trade Agreements Act of 1934.

Suppose we were to continue the policy of opening our markets to the low-wage nations of the world without any duty or tariff to equalize the wages or taxes. After the foreign nations took the market and our people were unemployed and our standard of living went down, the market would shrink, and the very market the foreign nations thought they were getting would disappear.

That may be surprising to some of our own citizens like Mr. Ford and Mr. Paul Hoffman and Mr. Coleman, who believe the world will be made their own camping ground by establishing industries on foreign soil and using the low-cost labor of those nations, with their know-how and their assembly lines, to produce the products and then bringing the products to this country, without paying a tariff or duty to equalize the wages, and then lowering the income tax, so that they can bring the income back without paying a tax on it.

COMPANIES MOVING ABROAD RECEIVE TAX OFFSETS

Furthermore, it develops that when they have certain concessions made on income, whatever the taxes finally are on the foreign produced material, we find that there is an offset, in that whatever taxes are paid in the foreign nation are deducted from what is paid to our Government. It just so happens—a coincidence no doubt—that the amount they pay those foreign nations just about equals the amount that would have been due to the American Government. No doubt that is a coincidence.

VENEZUELA SLAPS QUOTA ON POTATOES

Venezuela last October placed a quota on American potatoes of 40,000 tons, or about 17½ pounds per Venezuelan. By now the quota doubtless is exhausted; that is, if Venezuelans eat potatoes in any quantity. The quota itself has not been changed.

Imports of many other American food products are subject to controls, import controls.

Of such controls the Department of Commerce states in a memorandum prepared at my request:

The basis on which such licenses are granted is considered by the Venezuelan Government as a matter of internal administration which may or may not involve the use of quotas.

VENEZUELA BARS UNITED STATES HOGS, PORK, HAMS, BACON, AND SAUSAGE

Imports of American food, farm, or ranch products subject to such restrictions or complications on the part of Venezuelan authorities include wheat flour, onions, meats, cattle, fertile eggs, baby chickens, vegetable oils, and tallow.

In addition, we find that, and I quote from a Department of Commerce document, Application of Import Tariff System of Venezuela, revised to May 1954:

Live hogs, raw pork (including smoked hams, bacon, and sausage), and animal feeds containing pork products are prohibited importation from the United States.

In other words they are barred entirely.

VENEZUELA BARS UNITED STATES TOMATO PREPARATIONS

We find also that Venezuela bars tomato sauce or paste or food preparations with tomato sauce or whole tomatoes, when in metallic containers which do not comply with the conditions stated in No. 36-D of the customs tariff.

Containers that do comply must be manufactured and automatically sealed without toxic metals and without solder, the interior coated with varnish, and the label show the date of manufacture, a somewhat restrictive requirement to Venezuelans who may like bottled catsup.

Mr. President, I list at this point all of the products for which Venezuela's Ministerio de Fomento, or Ministry of Development, requires prior import licenses, which, as the memorandum from which I previously quoted, states, may or may not involve the use of quotas:

Wheat flour, copra, onions, garlic, rice, butter, powdered milk (for free importation), frozen and refrigerated poultry, all meats (except canned), live cattle, fertile eggs, baby chicks, vegetable oils, and oilseeds, tallow—

Mr. President this is a very long list—

cloth of artificial silk (pure or mixed), cotton cloth, cotton cloth decorated or mixed with silk, cotton cloth mixed with hemp or jute, cloth of wool or goat hair, cloth bags of fique or henequen, cordage, footwear (finished or partly finished except bathing or ballet shoes), unmanufactured tanned cattle hides, cardboard on bobbins used for the manufacture of accounting-machine cards, asbestos-cement sheets and pipes, white paper without glue or gum (uncalendered weighing more than 50 grams per square meter to be used for printing newspapers, magazines, or books of a cultural nature), and for white dull-finish paper weighing more than 60 grams per square meter, designed for the same uses, Portland cement, prefabricated buildings, unassembled passenger cars, and rubber tires and tubes.

Mr. President, there also is a list of products for which import permits must be procured from the Ministry of Agriculture, including chemical fertilizers, concentrated animal feeds and insecticides, and a list of products prohibited entirely which includes, as I stated before, pork and pork products, and also cigarette papers, coffee plants, and matches.

In passing, it may be stated that Venezuela also imposes rigid tariffs on 157 food products, including meats, fish, poultry, fruits, cereals, and mineral waters; on 307 textile products including those limited by quotas; 70 animal and animal products; 77 plant products; 84 wood and paper products; 134 minerals, glass, and ceramics items, which interestingly includes petroleum, fuel oil and gasoline should the United States attempt to ship some of its products to Venezuela; 153 metals and metal manufactures; 128 machine or instrument items; 294 chemical products, and 98 miscellaneous commodities ranging from sports articles, electric light bulbs and toothbrushes to workmen's footwear and slide fasteners.

Goods in 53 classifications are admitted free of import duties under the general Venezuelan tariff law, and 16 under a supplementary trade agreement with the United States of America.

UNITED STATES TEXTILE IMPORTS CURBED BY VENEZUELA BUT TEXTILE MACHINERY ON IMPORT "FREE LIST"

Among the free items are textile machinery with which Venezuela, having imposed a quota limitation on textile imports from the United States, can import machinery duty-free with which to make textiles for her own use or for export; the free list also includes machetes, printing presses, articles for breeding animals, lifebelts, and parachutes.

Venezuela enjoys special privileges under a trade agreement signed with our State Department on August 28, 1952, which supplanted a trade agreement of 1939.

Of this agreement Venezuela's Minister Counselor for petroleum affairs has stated:

On her part, Venezuela achieved its main objective of securing extension of United States tariff concessions toward imports of Venezuelan crude oil and fuel oil.

It also enabled Venezuela to protect certain domestic industries and agricultural products from imports more fully than was possible under the 1939 treaty.

Then the Minister Counselor for Petroleum Affairs, in light of the quotas, controls, and restrictions that I have previously cited from official records, makes this interesting statement:

The new agreement generally forbids both countries from placing quantitative restrictions on imports of the products therein listed.

STATE DEPARTMENT SHOULD ACT IN UNITED STATES AGRICULTURE AND INDUSTRY INTERESTS

Mr. President, if the 1952 trade agreements which the State Department negotiated with Venezuela forbids in any way quantitative restrictions, then the State Department should make immediate representations to the Venezuelan Government to remove its quantitative restrictions on imports of American butter, potatoes, tires, pork products, and textiles. It should do this in the interest of our dairymen and farmers, and in the interest of our unemployed tire and textile workers.

If the statement of the Venezuelan Minister Counselor for Petroleum Affairs is true, and Venezuela persists in imposing drastic quantitative restrictions—a fancy name for quotas—on American products, then we should rescind our trade agreement with Venezuela inviting unlimited imports of Venezuelan crude and residual oil, so destructive to American fuels industries, and revert to the more realistic tariffs that preceded this agreement.

In any event, the State Department should for once, in the face of the official record, act in the interests of American producers on farms and in factories, and the junior Senator from Nevada calls on the State Department to so do.

The junior Senator from Nevada will shortly discuss this trade agreement further with reference to Venezuela's oil shipments, but he now takes up the very definite quantitative restrictions applied by Venezuela on American cotton textiles both before and after the agreement was negotiated, and about which our State Department negotiators did nothing.

The fact that Venezuela curbs the entry of American textiles to the Venezuelan market under a strict quota system while enjoying an unlimited market in the United States for Venezuelan oil may be of some interest to our unemployed textile workers and coal miners.

TWO OF NATION'S MOST DISTRESSED INDUSTRIES HURT BY VENEZUELA'S ACTIONS

It should interest also the 33 distressed coal-producing areas and 16 distressed textile centers, the States in which this distress exists, and their delegations in the Congress.

The textile industry and the coal industry are two of the most critically distressed industries in the United States. Employment in the coal mining industry has declined more than 165,000 and the decline of employment in the textile industry has been stated by union leaders to approximate 400,000.

Fuel imports from Venezuela are contributing to the unemployment in our coal industry, and Venezuela's restrictions on American textiles are contributing to unemployment in America's textile industry.

Venezuela is only one of many countries that restrict imports of American products, and later in his remarks the junior Senator from Nevada will list some of the others that follow Venezuela's example.

Venezuela, however, is a special case.

The special trade agreement referred to previously permits an unlimited flow of Venezuelan residuals and crude oil at the token duty of 5¼ cents per barrel.

Originally the tariff was 21 cents a barrel on imports in excess of 5 percent of domestic crude production and 10½ cents on imports less than the 5 percent of domestic crude.

Mr. President, I wish to say at this point that, due to the most-favored-nation clause in the Trade Agreements Act, when an agreement is made with one nation, every other nation in the world, without giving anything, receives the full benefits from the agreement.

HISTORY OF UNITED STATES TARIFF CUTS ON VENEZUELAN OIL

The State Department in its persistent effort to encourage foreign competition against American products had first negotiated a trade agreement with Mexico cutting this tariff in half. When Mexico discarded the agreement, duties reverted to their former rate, so the State Department hurriedly negotiated with Venezuela to drop the rate back to 5¼ cents per barrel and with no limitations at all.

This decrease of tariffs on Venezuela's principal export to the United States did not, however, prevent Venezuela from imposing quotas on American textiles cutting our exports of cottons to them more than half.

Nor has it discouraged administrative departments of our Government from continuing to pamper Venezuela, which is governed by a military dictatorship.

American investment in Venezuela is encouraged by the Commerce Department, and Venezuela's opportunities for such investment are well advertised—at the expense of American taxpayers, of course—despite the fact that Venezuela, as I have documented, curbs entry of important American products to Venezuela.

But the State Department has been even more generous than that.

On every occasion when distressed American industries have sought to have a fair and reasonable competitive duty, or tariff placed on imports of foreign oil displacing American fuels in our own markets, or to limit imports to such amounts as will not inflict greater damage to American workingmen and industries, the State Department has rallied to the side of Venezuela and alined itself against the side of American jobs and enterprise.

All proposals for relief of the American coal and oil industries from unfair, cutthroat competition by Venezuelan oil interests have been opposed by our administrative departments.

On the other hand, if these same departments have ever sought to ease Venezuela's restrictions against American products, it has not come to the attention of the junior Senator from Nevada.

In brief, it has been all to apparent to me that the State Department and, to some extent, the Commerce Department have been too busy promotiing industrial prosperity in Venezuela to be greatly concerned over industrial setbacks in the United States.

Venezuela is of importance to this discussion, not only because of the tremendous harm it restrictions against American products and dumping of residual fuel oils are doing to American employment and economy, but because of the prominence of some of its protagonists, or should I say propagandists?

I use Venezuela only as an example. There is no blame attached to Venezuela or to its officials. The blame rests squarely on the Congress of the United States, where it belongs, because in 1934 Congress passed the Trade Agreements Act, under which the trade negotiations are carried on, or under which the State Department carries them on. After its first expiration, the act was extended every 3 years until 1951, when some Members of Congress succeeded in having the duration of its extension reduced to 2 years. Last year the act was extended for 1 year. It will expire at midnight on June 12 of this year. Then it will devolve upon Congress to regain and reassume its responsibility in this field. If Congress does not do so, the blame will rest where it falls.

TEXTILE IMPORTS CUT BY SOUTHERN NEIGHBORS

Mr. President, the April 26, 1954 issue of the Journal of Commerce carries a signed article by Mr. Matthew J. Cuffe, president of the Textile Export Association of the United States.

The article is headed "Artificial Barriers Found Barring United States Textile Exports."

With reference to Venezuela, Mr. Cuffe says:

> Through a combination of high tariffs, onerous customs regulations and quotas, the Venezuelan Government has succeeded in cutting down drastically imports of American textiles.

At this point, in connection with the mention of customs regulations, I again wish to remind the Senate that at every session of Congress for the last 8 years a bill has been introduced to simplify customs regulations, as it is called. This, of course, means to reduce the number of regulations and to make it easier for imports to enter the country. One bill now before the Senate purports to simplify further the customs by changing the valuation base. Instead of using the American valuation for a tariff or a duty, it is proposed to use the foreign valuation, which is from one-fifth to one-third or one-half the American valuation, thereby cutting the duty, tariff, or protection square in two, in the middle, or perhaps cutting it in half about three times. I hope that Congress, especially the Members of the Senate, will awaken to this protest. When the door is shut, the freetraders come in through the windows; when the windows are shut, they come in through the cellar. Every bill which purports to simplify the tariff laws, or purports to give the Executive more authority, is merely another approach to the destruction of the workingmen and the independent business of America. I continue to quote from Mr. Cuffe's statement:

> For example, Venezuela's quota for this year has been cut to about 9 million yards. Two years ago it amounted to 21 million yards.
>
> Venezuela is prosperous and has plenty of dollars, thanks to heavy oil and ore exports to the United States.

Mr. Cuffe also discusses trade barriers erected by other countries which are being financed with American dollars and foreign aid, and I shall touch on them later.

Shortly after the war the American people were sold another catch phrase—"dollar shortage." The only one for whom a dollar shortage has ever existed has been the American taxpayer. He is the one who has picked up the check for years. The dollar shortage has been caused only by foreign nations spending each year more than they earned, or by fixing the price of their currency dollars above the market price, so that no one except the Congress of the United States would pay the price.

Mr. Cuffe, in his report on Venezuela trade restrictions, translates the quotas into yardage, which is an understandable measure, although Venezuela avoids such clarity by setting its quotas in terms of kilograms.

The Foreign Commerce Weekly, a publication of the United States Department of Commerce, reports in its issue of April 5, 1954:

> VENEZUELA SETS 6-MONTH COTTON QUOTA
>
> The Venezuelan import quota for cotton textiles for the first half of the calendar year 1954 is established at 2 million kilograms, as announced on March 16.
>
> The new quota covers cotton textiles included under Venezuelan customs tariff classifications Nos. 71 to 85, both inclusive.
>
> Imports permitted in the first half of 1954 will total 2,615,000 kilograms, as an additional quota of 615,000 kilograms of cotton textiles was added to the 1953 quota on January 26. Such imports would compare with a quota of 4,250,000 kilograms for the entire calendar year 1953.

Such quotas, of course, apply to imports generally and not merely those from the United States, and the Venezuelan pattern is being followed by other Latin American countries as will be set forth later.

According to Foreign Commerce Weekly, issue of April 12, 1954, exports of textile manufacturers from the United States to Latin America dropped $20 million in 1953 from the previous year.

The same article states:

> Deliveries of gas and residual fuel oil from both Venezuela and Mexico, however, increased in quantity as well as value. Total imports from Venezuela were $440.6 in 1953 compared to $396.5 in 1952 and $323.6 in 1951.

Mr. President, it is sometimes difficult to reconcile the facts—and I accept the Department of Commerce reports on these matters as facts—with communications which I receive from persons who should have knowledge of the facts.

For example, a Chicago business executive writes to me, as follows:

> Venezuela has been one of the few countries of the world that have not imposed exchange restrictions or taken advantage of the opportunity to impose other restrictions such as quotas on the importation of American goods.

The gentleman has, of course, been grievously misinformed. The statement simply is not true, as the facts and record show.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a statement prepared at my request by the Department of Commerce concerning Venezuela's cotton textile import quotas, and also a table showing, in kilograms, total imports of cotton textiles by Venezuela and imports from the United States for the years 1948 through 1953 inclusive.

There being no objection, the statement and table were ordered to be printed in the RECORD, as follows:

VENEZUELA

COTTON TEXTILE IMPORT QUOTAS

Venezuela's quota system applicable to imports of cotton textiles was imposed on

November 10, 1948. It provided for a quantitative global import quota on all cotton textiles included in items Nos. 71 through 85 of the Venezuelan Customs Tariff. Pursuant to this authority the import quotas which have been established subsequently are as follows:

1948: For the period October 20, 1948, to April 19, 1949, the quota was set at the equivalent of 50 percent of total Venezuelan imports in the calendar year of 1947, plus 200,000 kilograms. Imports were to be distributed proportionately among merchants on the basis of their imports during 1947 and the first 6 months of 1948. Subsequent quotas were distributed to importers on the basis of prior importations. There was to be no discrimination as to country of origin or kinds of goods. The quota for this period was finally established at 2,950,000 kilograms.

1949: The quota for the 6-month period ended October 19, 1949, was 1,950,000, or a total of 4,900,000 kilograms for the two 6-months periods. For the period October 20, 1949, to December 31, 1949, the quota was established at 500,000 kilograms.

1950: The quota was shifted to a calendar year basis and fixed for the period January 1, 1950, through March 31, 1950, at 400,000 kilograms. For the period April 1 through December 31, 1950, the quota was 2,200,000 kilograms.

1951: For the calendar year 1951, the quota was set at 5 million kilograms (3 million for the first semester and 2 million for the second). This was supplemented on August 3, 1951, by an extra quota of 100,000 kilograms for the second semester of the year.

1952: The quota was established on February 20, 1952, for the entire calendar year at 3 million kilograms. This was supplemented by an additional quota of 500,000 kilograms on July 21, applicable to the second semester. Another supplementary quota was established on October 30, 1952, of 500,000 kilograms, for the final quarter of 1952.

1953: For the entire calendar year 1953 an allocation of 4,250,000 kilograms was established on January 22, 1953. On January 26, 1954, an additional quota for the 1953 calendar year was established for 615,000 kilograms.

1954: For the first half of the calendar year 1954 a quota of 2 million kilograms was established on March 16, 1954. (Since an additional quota of 615,000 kilograms of cotton textiles was added to the 1953 quota on January 26, 1954, importation permitted in the first half of 1954 will equal 2,615,000 kilograms. This compares with an actual quota of 4,250,000 kilograms for the entire year of 1953.)

Venezuela: Imports of cotton textiles (classification 71–85), total and from United States, 1948–53

[Quantity in kilograms]

Year	Total imports	Imports from the United States
1948	7,108,554	4,435,237
1949	3,715,714	3,029,286
1950	2,897,794	2,227,749
1951	4,228,608	3,240,474
1952	3,611,678	3,105,976
1953	4,421,585	2,996,846

Sources: Estadistica Mercantil y Maritima de Venezuela, 1948 and 1949; Boletin de Estadistica January 1951–53; and December 1953; Foreign Service Despatch, Caracas, Venezuela, May 15, 1952.

Mr. MALONE. Mr. President, the Chicago gentleman advises that he has sent similar letters to Members of the Senate Finance Committee and the House Ways and Means Committee. I am happy to take this opportunity to correct him, and shall so advise him.

I should, perhaps, not be too harsh with this gentleman. He has, he writes, seven stores in Venezuela and, with interests in a country governed by a military dictatorship, he may have felt compelled to write as he did in opposition to legislation which would limit Venezuela's dumping of petroleum products, which are doing so much harm to workers in the coal and textile industries here, some of whom, I am certain, must have been among the gentleman's American customers.

Certainly his company has enjoyed far greater patronage from American consumers throughout the United States than it can ever expect from Venezuelan patronage.

EMPLOYED AMERICAN WORKERS AMERICA'S BEST MARKET

And if I should offer a suggestion, I would advise that his company would prosper more by the return of thousands of coal miners and textile workers to gainful employment than it would by encouraging Venezuelan oil imports that are pushing American workers out of jobs.

Mr. President, while our diplomats and their champions with foreign interests are urging other nations to take over important segments of American markets, and urging our country to tear down its economic defenses, our neighbors to the south and north are erecting trade barriers against us that are really barriers, or have imposed other handicaps to American industry.

Mr. Cuffe, in his signed article, details this country by country, and the junior Senator from Nevada wishes to cite a few examples.

Canada: Canada has stiffened customs regulations and in addition has signed a treaty with Japan which permits Japanese goods to enter that market at the same rates as our own. Canada is far and away our most important market and usually accounts for 25 to 30 percent of our export sales.

Again, Mr. President, I call attention to the fact that I am not condemning Canada, Mexico, Venezuela, or any other country which I may mention; I am blaming the Congress for making that type of operation profitable or necessary.

To continue Mr. Cuffe's report:

Mexico: The Mexican Government has put all cotton textiles, even the fabrics not made by mills there, under license and has increased tariffs 25 percent.

Dominican Republic: Illustrative of the situation we are facing throughout Latin America are developments in the Dominican Republic. Recently a small mill was established there with an output of 900,000 yards a year. On March 19, the Dominican Republic announced that from now on any firm wishing to import denims, twills, cotton herringbones, ticking, and canvas, would have to submit samples of the fabrics they intend to import. If these samples are similar to goods produced in this mill, permission to import is refused. The Dominican Republic usually imports 1,800,000 yards of the fabrics listed above each year.

Guatemala: On December 29, 1953, the Guatemalan Government increased the number of cotton items that may not be imported into Guatemala until stipulated quantities of similar domestic goods have been purchased. The list was increased to 27 items compared with the 14 formerly specified. The proportion of domestic yarn which importers must buy to match importations is increased from 400 percent.

Colombia: Colombia through licenses and quotas restricts imports of those cloths which the industry there does not make.

HOW TORQUAY AGREEMENT RAISED CUBA'S TARIFFS—HURT UNITED STATES TEXTILES

Cuba: Trade with Cuba is shriveling as a result of the exorbitant tariffs which the so-called Torquay Treaty permits Cuban Government to levy on our textiles. Although population and purchasing power have increased substantially in the prosperous years since 1940, our sales of cotton textiles in that one-time major market have dwindled. In the years 1935 to 1939 Cuban imports of American cotton textiles averaged 62,570,000 yards annually. Last year they amounted to only 43,984,000 square yards.

Peru: Peru has raised tariffs 250 to 300 percent. As a consequence shipments to that market last year amounted to 2,750,000 square yards as against 17,500,000 square yards in 1952.

Ecuador: Ecuador this year raised rates on imported textiles.

CHILE'S COPPER SUBSIDIZED BY UNITED STATES DOLLARS

Chile: Chile has just imposed the stiffest controls in years on imports from the United States.

Mr. President, at this point I might say that for a considerable time we have had the habit of paying Chile anywhere from 5 to 12 cents a pound more for copper than we pay our American producers; and laborers in Chile are paid about $2.40 or $2.50 a day, while workers in this country are paid $10, $12, or $15 a day. None of that makes sense, but that situation seems to be accepted by the Congress.

I continue Mr. Cuffe's report:

Brazil: Brazil plans to impose customs surtax up to 150 percent on invoice value of imports.

Paraguay: Paraguay has cut down textile imports to 350,000 from the United States, United Kingdom, and Western Europe.

Asia: In Asia our exports are limited to the Philippines.

Mr. Cuffe also states:

In 1952, the United States was the major exporter of cotton textiles. In 1953 we fell to fourth place. Japan moved into the top position, United Kingdom was second and India third. We were the only country among the major exporting nations which suffered a contraction in exports.

Mr. President, there may be some explanation for that shrinkage. In this country workers are paid from $10 to $12 a day, and often $15 a day, while labor in Japan is paid 12 to 15 or 18 cents an hour. In England labor is paid one-third to one-fourth or one-fifth of the wages paid in this country.

Continuing with the statement of Mr. Cuffe:

This weakening of our position in world markets is due to a number of reasons. The rise of foreign competition is only one of them. The one big factor responsible for the steady decline in our sales is the network of restrictions which have been raised against us in nearly all of the major importing areas of the world.

Mr. President, facts such as these certainly explode the arguments of our free traders that our trade negotiations, under the Trade Agreements Act of 1934, have either been profitable or reciprocal.

The phrase one hears so often, "reciprocal trade," does not, of course, appear in the 1934 Trade Agreements Act. It

was a phrase created simply to sell free trade to the American people. There is nothing reciprocal about such trade, and the word "reciprocal" does not appear in the act itself.

What actually has occurred is that the State Department has thrown open our markets to cutthroat foreign competition, while other nations have imposed more and more restrictions against the products of American industry and labor. Yet our one-economic world do-gooders and advocates of socialized international trade are clamoring today for us to sacrifice more American production to foreign competition.

UNITED STATES EXPORTS SKILLS AND MACHINERY TO BUILD ONE-WORLD ECONOMY

There is a difference in the beliefs of those clamoring for one world. Some of them believe that by lowering the standard of living in the United States to the level of that of other countries in the world, war would be prevented; but many more hope to profit by the application of the principles of one world. In other words, foremen, superintendents, know-how, and machinery, are sent from this country to low-wage nations, goods are manufactured there, and then shipped back to this country without a tariff or duty, or they would if they had their way. Goods are shipped into this country from countries where lower taxes and wages are in existence, and where costs for such products are materially less.

Tariffs, or lack of tariffs, today have no connection with either our national economy or our revenue structure.

Instead, tariffs are lowered or lifted for purely political purposes, and the tariff powers of the United States are used principally, if not solely, as an instrument of international politics, which, through multilateral agreements and use of the most favored clause, means socialized and socialistic international politics.

Another principle included in the so-called Trade Agreements Act, which was called reciprocal in order to sell a bill of goods to the American people, leaves to the Secretary of State or to the Executive the right to consider what they call the national interest, and to cut the throat of any business, or the jobs of any number of workingmen in the United States of America, dependent on protection for their existence, merely because representatives of the State Department or the Executive say the overall situation for national good requires such action.

Mr. President, who decides what the national good is? For 160 years that was determined by the Congress of the United States, in adhering to the Constitution of the United States. Congress represents every precinct of the Nation. Whom does the Secretary of State represent?

The political tariffs and tariff concessions approved by our State Department under the Trade Agreements Act of 1934 and at sessions of the GATT, or so-called General Agreement on Tariffs and Trade—to which, incidentally, the Congress has never agreed—have made us not only captive to the political whims and caprices of low-wage foreign powers which discriminate our goods, but also captive to a one-world economic ideology.

WORLD MARKETS AND TRADE DIVIDED BY AGENCIES NEVER APPROVED BY CONGRESS

Mr. President, it may be of interest to the Senate to know that whereas the General Agreements on Trade and Tariffs was the father of the International Trade Organization—an organization submitted to Congress by the State Department, but which Congress refused to adhere to or to approve—immediately thereafter the State Department organized the International Materials Conference, to take its place. Those organizations were to include 50 or 60 nations whose representatives would meet once or more each year and would determine the amount of world production and the amount of world consumption, and would divide the production among the nations of the world, on a worldwide socialistic basis. Congress has never approved any of those organizations, but that did not prevent a branch of the United Nations from submitting another resolution regarding the same policy, the other day.

Only the day before yesterday the Minerals and Fuels Subcommittee of the Committee on Interior and Insular Affairs had before it an Assistant Secretary of State. The subcommittee will have its report ready within 3 weeks or 30 days. However, that Assistant Secretary of State testified that they would continue to oppose the organization, set up 3 or 4 months ago by the United Nations. We confronted him with the report that such an organization was in the offing. The Department denied that it would go along with it. However, Mr. President, no one is sure just how far down we are, regardless of whether we vote for or against participation in that organization.

EXPORTS FINANCED BY OUR TAXPAYERS

Mr. President, all this is not good for the United States of America. In order to maintain foreign trade on an international socialistic and political basis, we have had to follow the following courses:

First, we have had to bribe other nations to buy our goods with billions of dollars in grants taken from the pockets of our taxpayers. In other words, we are exporting dollars to pay for the goods we export.

Second, we yield to blackmail by other nations who want to sell their goods to us at prices which undercut our own production costs. In some instances, as in the case of Chilean copper, we even pay foreign countries—at our taxpayers' expense, of course—more than the domestic price for the foreign product.

STATE DEPARTMENT PLAYS INTERNATIONAL POLITICS WITH ECONOMY

Mr. President, the junior Senator from Nevada does not criticize the countries he has referred to, which impose import duties, tariffs, and controls and regulate their commerce in accordance with what their governments believe to be the needs of their national economy.

Every free world nation except the United States does adjust its tariff structure and regulate its commerce in the light of economic objectives, which may include protection of its industries or easing tax burdens through the use of import duties to help provide national revenue. They have that right. But what do we do? We are the only Nation that deliberately destroys its own workingmen and investors. The blame for doing that is placed where it should be, namely, on the Congress, because the Constitution places that responsibility on the legislative branch. The fact the Congress has dodged that responsibility by passing the 1934 Trade Agreements Act and its subsequent extensions does not excuse Congress.

The United States of America, from the beginning of our constitutional history until enactment of the Trade Agreements Act of 1934, adjusted tariffs to national economic and revenue needs. The Constitution of the United States, in article I, section 8, related tariffs to these objectives by placing in the hands of the Congress full authority to lay and collect duties or tariffs and to regulate the foreign commerce.

Through the Trade Agreements Act of 1934, this Nation discarded both the economic and revenue concept of tariffs and foreign trade. Congress divested itself, perhaps unconstitutionally, of its constitutional authority to lay and collect duties and to regulate commerce between nations.

It turned over that authority to the Executive, who in turn placed it in the hands of our State Department, or, as it is called in some countries, the political department.

Third, we deliberately sacrifice important segments of our national economy, American industries and payrolls, to appease foreign countries waging aggressive campaigns to infiltrate and capture our rich markets. Through removal of tariffs and progressive lowering of tariffs, through grants and subsidies to foreign competitors, and through even Government purchases and procurement abroad, American industry in numerous fields is being denied access to our own markets on any semblance of fair and reasonable competition.

UNITED STATES INDUSTRIES DENIED ACCESS TO HISTORIC MARKETS

Meanwhile, many of these American industries are being denied access to historic foreign markets, as well, through application of quota curbs, exchange manipulations, discriminatory tariffs, such as those used by England, import licenses, and other types of control. Mills and mines are closing, the jobless rolls are mounting, foreign aid in every conceivable form is being continued, and the substantial tax relief millions of our citizens expected when they went to the polls in November 1952 has not been forthcoming.

RESTORE ECONOMIC PRINCIPLES IN FOREIGN TRADE BY LETTING TRADE AGREEMENTS EXPIRE

Mr. President, we must, for our own economic security, and, in my opinion, our military security, as well, return to economic principles in laying duties or tariffs, and in regulating our foreign trade. We must discard the wholly political—and socialistically political—concepts followed since the Trade Agreements Act of 1934 was enacted. We

must permit this act to expire at midnight, June 12, 1954.

Then we will return to constitutional principles of foreign trade and commerce, and American industries again will have equal access to American markets on a basis of fair and reasonable competition with articles and commodities produced in other areas of the world.

Mr. President, recently the President has announced that the Randall report, with its implications of further disaster for United States workingmen and investors, has been sidetracked. However, the President has requested a 1-year extension of the 21-year-old 1934 Trade Agreements Act, which in 1934 was passed for a period of 3 years, but since then has been regularly extended, until now it is to expire at midnight on June 12, 1954.

LET TRADE AGREEMENTS ACT EXPIRE JUNE 12, 1954

Mr. President, the President of the United States does not need the extension of this act, which expires at midnight on June 12, 1954. I refer to the 1934 Trade Agreements Act, which was misnamed "the Reciprocal Trade Act" to mislead the American people.

If that act should expire, what would happen? The regulation of foreign commerce in all products with respect to which trade agreements have not been made would instantly revert to the Tariff Commission, as an agent of Congress. What law would then govern its action? The Tariff Commission would be required to determine the cost of producing an article in this country—not the highest cost nor the lowest cost, but the fair cost—and the cost, on the same basis, of producing the same article or a like article in the chief competitive nation. The Commission would then recommend, as the amount of the tariff or duty, as the Constitution of the United States calls it, the difference between the costs in the respective countries.

The Tariff Commission would have no power to act on the basis of "the national good," with one man judging what the national good is, and deciding whether there should be an industry in Tennessee, Nevada, Maine, or some other State, or whether that industry should be traded to a foreign country. One man, who is not even elected by anyone, namely, the Secretary of State, is the judge.

The authority would revert to the Tariff Commission by law, on the basis of fair and reasonable competition. However, there would be no change in the trade agreements already made when the law expired. I wish Members of the Senate thoroughly to understand that such trade agreements would remain in full force and effect until and unless the President of the United States himself should serve notice of cancellation on the nation with which such trade agreement had been made.

RETURN RESPONSIBILITY TO THE CONGRESS

Let the act expire at midnight on June 12 of this year, next month, 15 days from now. Let the water settle, and let us see what happens. Let the President of the United States come to Congress in January of next year, when the Congress reconvenes. In the cool of the evening he writes a message and tells us the state of the Nation, and makes any recommendation he may care to make. Let the Congress of the United States alone. Let it act as an independent branch of the Government, representing every precinct in the United States, and let Congress take such action as it sees fit to take.

THE BEST ADVICE I EVER HAD—ARTICLE BY SENATOR DOUGLAS

Mr. HUMPHREY. Mr. President, our colleague, the senior Senator from Illinois [Mr. DOUGLAS] has the respect and affection of all who have come to know him. His integrity and deep religious spirit have indeed earned for him the reputation of being one of the most distinguished Americans ever to hold public office.

Within the past few days I have had an opportunity to read an article written by him which appeared in the June 1954 issue of the Reader's Digest which represents the essence of the qualities which we have all come to love in him.

I ask unanimous consent that the article, "The Best Advice I Ever Had," be printed at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BEST ADVICE I EVER HAD

(By PAUL H. DOUGLAS, United States Senator from Illinois)

There had been a long period of silence in our Chicago Quaker meeting. Only the ticking of the clock could be heard. We tried to fasten our thoughts upon our inner needs. Then an elderly Friend slowly arose and, with deep conviction, spoke this one sentence: "When you differ with a man, show him, by your looks, by your bearing and by everything that you do or say, that you love him."

The Friend sat down, and quiet settled again over the meeting. But I knew I had received advice which, as George Fox said, "spoke to my condition."

Since then it has been my fate to be involved almost incessantly in controversy. All too often I have fallen short of the old Quaker's standard. But his words have helped me greatly.

I have learned not to dislike people because they differ with me, and to realize that they have the same basic motives I have and suffer from many of the same frustrations that plague me. They are not my enemies, even though some of them may think they are. They have something of the divine in them, and all have their own secret yearnings for a life of harmony and friendship.

When I was a Chicago alderman I found myself clashing continuously with one of my colleagues. But I set out to show him that I wanted to like him and to work with him whenever we could agree. An excellent chance came when I was placed in charge of preparations for a fine civic monument. It was an honor to be associated with this enterprise, and I asked him to join me in it. He was genuinely grateful and showed no malice for past differences. In this way we started over again and became good friends.

I had much the same experience with Mayor Ed Kelly, of Chicago. We fought over the city budget and many municipal policies but, remembering my old Quaker friend, I refused to get annoyed. Whenever Kelly did something truly commendable, such as his great job of taking care of transient servicemen, I went out of my way to give him my sincere congratulations, though elsewhere I continued voting against him almost unfailingly. A friendship based on mutual respect developed between us and, without sacrificing principle, we were able to reach understanding.

Some of the Quaker's philosophy apparently rubbed off on Ed. When my wife ran for office during my wartime absence, he supported her and loyally counseled her in her successful campaign.

I ran for the Democratic nomination for the Senate in early 1942. Primary fights are frequently rough and bitter. I resolved, however, while pointing out how we differed on many issues, not to hurt my opponent in any way but to praise him for his fine qualities. I lost the election, but I gained a friend who has been a source of strength to me through the years.

Since I have come to the Senate I have been involved in many hot legislative fights. When under attack I have tried to smile and feel friendly toward my opponent. In one instance I failed, but I have succeeded in some. I shall always cherish in memory the day when I debated with a colleague who had been unfriendly, and whose point of view I considered to be wrong. I tried to demolish his ideas yet at the same time show in a friendly way that I understood how an honest man could have been led to take the wrong position. At the end he came over and clasped my hand in appreciation. We have been on better terms ever since.

I do not pretend that the old Friend's advice will solve the conflicts of the world. But I am convinced that it could lessen our trouble and help to weave a fabric of friendship which would enable men of diverse views to work together.

PRICE SUPPORTS FOR AGRICULTURE—RESOLUTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by Renville Post 7704, VFW, Renville, Minn., in support of at least 90 to 100 percent of parity for agriculture, be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RENVILLE POST NO. 7704, VFW,
Renville, Minn., May 18, 1954.

DEAR SIR: In discussing the critical problems facing our veteran members engaged in agriculture, the members of this post unanimously voted to fully support the following resolution:

"Whereas farm income has fallen to 20 percent and consumer items have only dropped one-half of 1 percent; and

"Whereas we believe that farm prosperity is most important to keep Main Street prosperous; and

"Whereas we definitely do not believe this is the proper time to try out a different farm program, because the average farmer today could not survive much more cut in income; and

"Whereas our young veterans, many who have gone heavily into debt, in the farm business, need a strong support program, continuation of the SCS and PMA: Therefore be it

"*Resolved*, That the present administration carry out its pledge of 100 percent of parity to agriculture, and add that all commodities and perishables be supported at at least 90 percent of parity to insure a stabilized farm economy; and be it further

"*Resolved*, That we commend Senators HUMPHREY and THYE, and Representative

ANDERSON and all the other legislators who recently voted to support this program."

Respectfully submitted.

LEVERNE HANSON,
Commander.
DALE D. HAEN,
Third District Quartermaster.
ELMER KEMINITZ,
Adjutant.

FOOD STAMP PLANS

Mr. HUMPHREY. Mr. President, I have repeatedly raised my voice in and out of the Senate for some constructive action toward making wise use of our abundance.

I have watched with regret the attitude of this administration to rush ahead with plans for reducing returns to farmers, but stall and delay when it comes to action on constructive proposals for using our abundance to feed hungry people.

Administration orators continually hammer out the theme that what Secretary Benson calls burdensome surpluses of unneeded commodities justify drastic cuts in farm prices so as to cut production. That is the cornerstone in the administration's overall political attack against price supports.

Most of us, I am sure, regard abundance as a blessing instead of a curse—and want to see that abundance used wisely.

Despite evidences of strong bipartisan support in Congress for sound and workable programs for better use of our abundance, the administration has failed to make any constructive move in this direction.

The administration has refused to push any program for increasing the diets of low-income Americans. It has asked lower funds for the school-lunch program, despite rising food costs and increasing school enrollment.

I have joined the distinguished Senator from Vermont [Mr. AIKEN] as a cosponsor of his food-stamp plan, in the hope that bipartisan support would bring action. Still the administration hesitates.

I have offered my own dairy-diet-dividend proposal to stimulate use of milk and dairy products among the Nation's underprivileged.

I have joined some 30 other Senators as cosponsor of the plan offered by the distinguished Senator from Oklahoma [Mr. KERR] to increase the meager allowances to those on public assistance rolls through issuance of food certificates they can cash in at their local stores for food supplies declared by the Secretary of Agriculture to be in oversupply.

I feel it important that any farm bill coming from this body contain a food distribution program as well as a price-support program, so the intent of the Congress can be made clear that we want our abundance used wisely.

I am convinced the American people approve such efforts.

I should like to read at this point an editorial from Wallace's Farmer and Iowa Homestead, one of the Nation's foremost agricultural publications. Headed "Hungry Old People," it says:

Too many old people go hungry—even in the United States. Too many children don't get nearly enough milk or meat.

The Nation really has no surplus problem in meat and dairy products, even though warehouses are full of canned beef, butter, cheese, and dried milk.

The only problem is to get this food to people who need it and should have it.

Remember that we know the names and addresses of about 8 million people in the United States who can't buy as much of this food as they need. These are the people who have no income except what they get from Federal social security, or from Federal-State old-age pensions, or from local relief.

Many of these are older people. Older folks, to keep healthy, need more meat, fish, cheese, milk, eggs, than a lot of them are now getting. More protein and more calcium.

What can be done about it? One easy step would be for Congress to adopt a partway food stamp plan. This could add a few dollars in stamps to the income of everybody now getting public assistance. These stamps could be used for dairy products, eggs, meat, fruit—the foods most needed.

Such a step would cost more than the present storage problem, but it would put the food where it is needed. And it would stop the present nonsense of stacking up butter, cheese, and canned meats without knowing what to do with it.

Mr. President, that editorial is from the March 6 issue of Wallace's Farmer. It reflects farm thinking on this problem, and I believe it also represents consumer thinking.

Last February, rising unemployment in the Twin Cities of Minneapolis and St. Paul caused Minnesota labor leaders to wire me urging distribution of surplus food supplies for emergency relief purposes.

Mr. President, I ask unanimous consent that telegrams from the Minnesota State CIO Council, from the Minnesota State Federation of Labor, AFL, and from the St. Paul Trades and Labor Assembly be printed at this point in the body of the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., *February 25, 1954.*
Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

St. Paul Dispatch Monday carried story "Food Asked for More Iowa Idle." Latest report is Iowa requesting farm surpluses for unemployed in 16 additional counties. Eighteen counties now receiving farm surpluses. James Cole, State Director, has advised us that Commodity Credit Corporation has ordered farm surpluses be shipped east by March 1.

With additional layoffs at Federal Cartridge Arsenal added to 31,500 already unemployed, will put Twin Cities in a distress area. The Minnesota State CIO Council believes that the order for shipment of farm surpluses be recalled and that our Minnesota delegation prevail upon the CCC office to prepare for distribution of these surpluses to the needy unemployed in Minnesota. The figures now indicate 5.7 percent idle. Federal estimates 6 percent idle as distress area. Officers and members of State CIO respectfully request you to use your influence in this important matter.

MINNESOTA STATE CIO COUNCIL,
ROBERT E. HESS, *President.*
RODNEY C. JACOBSON,
Secretary-Treasurer.

ST. PAUL, MINN., *February 25, 1954.*
Hon. HUBERT H. HUMPHREY,
Washington, D. C.:

We have today sent following telegram to Secretary Benson: "The Minnesota Federation of Labor is informed that all surplus dairy products stored in Minnesota are being transferred at great expense to Ohio. Similar products have been used for benefit of unemployed and other needy in Iowa and Alabama. Serious problem of unemployment developing here. We protest removal of all such products from this State and request that program similar to that in Iowa be inaugurated here. Your cooperation is requested."

MINNESOTA STATE FEDERATION OF LABOR,
R. A. OLSON, *President,*
WILLIAM D. GUNN, *Secretary.*

ST. PAUL, MINN., *February 25, 1954.*
Senator HUBERT H. HUMPHREY,
Senate Office Building:

Have been informed that Federal Government intends to ship all surplus dairy products out of Minnesota to Cincinnati, Ohio, Monday, March 1. There is great need for distribution of such products to the unemployed, pensioners, dependent children, etc., in this area. Last report indicated that 5.7 percent working population of Twin Cities now unemployed. Additional layoffs announced. Urgently request surplus dairy supplies be held here and distributed to the needy as is being done in many other sections of the country. Request you notify entire Minnesota delegation.

ST. PAUL TRADES AND LABOR ASSEMBLY,
FRANK T. STARKEY.

Mr. HUMPHREY. On the next day, I addressed an appeal to the Secretary of Agriculture, urging that Department officials open negotiations with public welfare officials in the Twin Cities toward setting up effective food distribution programs.

I ask unanimous consent that my letter of February 26 to Secretary Benson be inserted at this point in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 26, 1954.

Hon. EZRA T. BENSON,
Secretary of Agriculture, Department of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: Increasing unemployment in Minnesota's metropolitan areas, particularly in the Twin Cities, makes imperative immediate expansion of emergency assistance in which the Department of Agriculture's cooperation is needed.

The current unemployment problem has been greatly aggravated by cutbacks in defense contracts, resulting in mass layoffs at the Twin Cities Arsenal and other defense installations in our area.

I believe emergency distribution of surplus food products now held in that area by the Department of Agriculture could contribute greatly to alleviating human hardship and suffering during this period of recession or adjustment.

I strongly urge you to instruct your Department officials in Minnesota to immediately open negotiations with public welfare officials in Minneapolis, St. Paul, and any other cities in our State where unemployment problems are increasing demands for emergency assistance, toward setting up effective food-distribution programs.

It is my understanding that authority already exists for you to carry on such distribution through established welfare departments, as I am familiar with the beneficial assistance the Department has already provided for many of our charitable and welfare institutions.

Officials of the Minnesota Board of Public Welfare inform me that they have already notified you of their willingness to cooperate in extending such assistance, either through an organized food-stamp plan or on a temporary emergency basis.

We should not be faced with growing hardship among our unemployed citizens at a time when Government officials are complaining about not knowing what to do with our food abundance. I am sure such a situation is personally repugnant to you. While constructive programs and suggestions for expanding use of our food products have been pending before the Congress for some time, I believe it is imperative for you to initiate action at once under your existing authority to fill the gap in meeting human need until Congress reaches some decision on surplus disposal programs.

For your information, the St. Paul Trades and Labor Assembly, the Minnesota State CIO Council, and the Minnesota Federation of Labor (AFL) have all wired appeals to me for such emergency assistance in view of the heavy unemployment now existing in the Twin Cities. I am enclosing copies of those wires for you to see.

While your director of the Commodity Stabilization Service has assured my staff there need be no concern over moving of the physical stocks of surplus foods out of our area at this time, as expressed by the labor officials, I do feel we need action on the distribution side in this unemployment emergency.

I would appreciate this request getting immediate attention of your Department in view of the human hardship factors involved.

Sincerely,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. On March 15, Assistant Secretary of Agriculture wrote me expressing the Department's willingness to make additional quantities of surplus commodities available if requested to do so by State officials.

I ask consent to have a copy of that letter inserted in the RECORD at this point, along with my press statement issued in connection with making that letter public in Minnesota.

There being no objection, the press release and letter were ordered to be printed in the RECORD, as follows:

If Minnesota's State administration just asks for it, more surplus food products can be obtained for distribution among the State's growing unemployed, Senator HUBERT H. HUMPHREY declared yesterday.

Senator HUMPHREY, who urged the Department of Agriculture last month to expand its emergency food distribution in Minnesota to alleviate unemployment hardship, revealed a reply he had received from Assistant Secretary of Agriculture John H. Davis saying, in part:

"For its part, the Department of Agriculture, upon request, will make additional quantities of surplus commodities available to Minnesota consistent with need as expressed by appropriate State officials."

Senator HUMPHREY pointed out that Governor Anderson had been quoted in the press recently as saying Minnesota did not need such assistance.

"However, apparently his own State commissioner of public welfare does not agree," Senator HUMPHREY said, pointing out that Welfare Commissioner Jarle Leirfallom had recommended an appropriation of $5,000 to finance costs of distributing Government-purchased surplus foods to the unemployed and other needy.

Saying the next move is up to Governor Anderson, Senator HUMPHREY released the full text of the reply from the Department of Agriculture to his appeal for emergency food assistance:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., March 15, 1954.

DEAR SENATOR HUMPHREY: This is in reply to your letter of February 26 enclosing copies of telegrams from organizations in the Twin-City area requesting the release of surplus commodities to feed unemployed workers.

Surplus commodities are now being distributed to nonprofit school-lunch programs, charitable institutions, summer camps, and needy Indians. Commodities are also being distributed to persons or families that have been determined to be needy by appropriate local or State agencies. The Department of Agriculture, on application, donates surplus commodities in carload lots, freight prepaid, to State distributing agencies that are administratively responsible within their States for intrastate distribution of these foods to all eligible recipients.

Under an agreement with this Department, Mr. A. R. Taylor, director, community school lunch program division, State department of education, 631 State Office Building, St. Paul, Minn., is administratively responsible for the distribution of surplus commodities in Minnesota. Organizations wishing to participate in the distribution of surplus commodities may wish to communicate directly with Mr. Taylor for additional information.

For its part, the Department of Agriculture, upon request, will make additional quantities of surplus commodities available to Minnesota consistent with need as expressed by appropriate State officials.

JOHN H. DAVIS,
Assistant Secretary.

Mr. HUMPHREY. While Minnesota's Governor had been quoted in the press as saying our State did not need such assistance, on April 15 he wrote informing me that three counties had asked to participate in such distribution.

I ask consent to have a copy of that letter inserted at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF MINNESOTA, EXECUTIVE OFFICE,
St. Paul, April 15, 1954.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Inasmuch as you have expressed some interest in bulk distribution of surplus commodities to needy families in Minnesota, I thought you would like to know that distribution will begin in three counties the forepart of next week.

As I have indicated before, the State has been willing to go into such programs when county welfare boards requested such action. Three counties—Becker, Clearwater, and Mahnomen—have now made such requests for their Indian population. The tribal councils are arranging and financing the distribution.

When any other counties certify their desire for such distribution, the program will be expanded. Meanwhile, I hope that members of the Minnesota congressional delegation will consider a more practical and less wasteful plan of food distribution. I shall be writing you on this subsequently.

Sincerely,

C. ELMER ANDERSON, *Governor.*

Mr. HUMPHREY. In his letter to me, Governor Anderson expressed the hope that Minnesota's congressional delegation would consider what he termed a more practical form of food distribution.

On April 19, I replied to the Governor pointing out that the State should and could assume some responsibility for repackaging where it was necessary in distribution of such food, but agreeing on the need for a more efficient method of distributing surplus commodities and informing him that I had introduced legislation with that objective.

I ask consent to have my letter of April 19 printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 19, 1954.

Hon. C. ELMER ANDERSON,
Governor, State of Minnesota, St. Paul, Minn.

DEAR GOVERNOR: I am pleased to receive your letter of April 15 concerning the distribution of surplus commodities to needy families in Minnesota.

I am most gratified to note that 3 counties—Becker, Clearwater, and Mahnomen—have expressed willingness to take advantage of the availability of surplus food commodities. My suggestion to you as Governor of Minnesota, and to the Department of Agriculture, in connection with the availability of these commodities was made after I had received resolutions from the Minneapolis Board of Public Welfare and from the Minnesota State CIO Council, the Minnesota Federation of Labor and the St. Paul Trades and Labor Assembly that such surplus foods be made available to needy families. As you know, other States have taken advantage of the provisions of public law which make these commodities available to local jurisdictions of government, charitable and welfare institutions. Of course, this necessitates some repackaging but in the instance of butter and cheese, the present packaging is neither wasteful nor impractical. Butter is available in 1-pound packages; cheese in 5-pound loaves; canned beef in 30-ounce cans; canned peas in No. 303 cans; canned peaches in No. 2½ cans; canned grapefruit in No. 2 cans. A regular inventory list of United States Department of Agriculture commodities is made available to each State welfare agency on a current basis. It is my feeling that we in Minnesota could do a great deal more to facilitate the use of these commodities.

It is my feeling that State and local government jurisdictions could make provisions for repackaging since the food is made available at no cost to the State jurisdictions. I am sure that all Minnesota counties have been notified as to the availability of these surplus foods. Our only function in this whole program will be to expedite action as requests are made to the United States Department of Agriculture.

You have commented in your letter on the desirability of "a more practical and less wasteful plan of food distribution." You will be interested to know that I have introduced appropriate legislation to meet this objective; likewise, there are a number of other bills that have been pending for some time before the committees of the Congress to provide efficient distribution of surplus commodities.

Sincerely yours,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. On that same day Governor Anderson again wrote me indicating his objections to bulk distribution of food through welfare boards, and urging instead that some form of a stamp plan be used. I ask consent for his second letter to be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF MINNESOTA, EXECUTIVE OFFICE,
St. Paul, April 19, 1954.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: A few Minnesota county welfare boards have reluctantly embarked on a program for the distribution of surplus commodities. These county officials believe that the commodities should be moved out of storage and used for the benefit of public assistance recipients and others on marginal incomes.

I believe that our county welfare boards, without exception, are opposed to the current expensive, stigmatizing, and un-American procedures used in the distribution of these commodities. They do not believe that additional personnel and costs of distribution to county welfare boards are warranted. They do not believe that public assistance recipients and persons on marginal incomes should be stigmatized by being required to line up at a distribution point for a handout from Government. They believe that surplus commodities should be distributed in the American way through regular channels of trade and not doled out at what is, in effect, a governmental commissary.

I respectfully request that you, as well as your colleagues in Congress, give careful and favorable consideration to a method of distributing commodities similar to the stamp plan or some other practical and economical procedure using established channels of trade.

Very truly yours,
C. ELMER ANDERSON, *Governor.*

Mr. HUMPHREY. Again I replied to Governor Anderson, outlining my consistent efforts in this body for enactment of a food-stamp plan and explaining the proposals now pending before the Congress. I ask consent to have appear at this place in my remarks a copy of my letter to Minnesota's Governor, dated May 3.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 3, 1954.

Hon. C. ELMER ANDERSON,
Governor, St. Paul, Minn.

DEAR GOVERNOR ANDERSON: I have read with interest your letter of April 19 in which you discuss the distribution of surplus commodities as supplemental assistance to persons on public-welfare rolls.

I appreciate your support of my efforts to obtain reenactment of some form of food stamp plan to stimulate food distribution among low income groups and welfare recipients through normal channels of trade. As you may or may not know, I have been advocating such action for more than a year.

Three food stamp plans are now before the Congress: S. 3079, of which I am the author; S. 2550, of which I am a cosponsor; and S. 3092, of which I am also a cosponsor. The three proposals offer varying degrees of assistance. Each bill affords some discretion as to the extent to which such aid should be undertaken at this time. My own Dairy Diet Dividend Act is limited to the use of food stamps to provide supplemental amounts of dairy products through normal channels of trade to persons on public assistance, aimed primarily at making more milk and butter available to families existing on meager allowances. S. 3092, which I participated in drafting with Senator KERR, invokes the same principle of using food stamps through normal channels of trade, but provides that they can be used for any commodities the Secretary of Agriculture declares to be in surplus supply. Both of these measures call for little administrative overhead, as they make use of existing State and county welfare agencies and existing certification of need. S. 2550 of which I am a cosponsor with Senator AIKEN, is a more comprehensive plan, aimed at low income groups generally, not just those already designated as eligible for public assistance. Because of the interest you have shown, I thought you should know just what bills were before the Senate to provide for use of surplus food supplies. I am enclosing a copy of each bill.

Unfortunately, the administration has failed to support any of these bills, or to offer any recommendation of its own. In view of my efforts, it would seem that your request that I give favorable consideration to a stamp plan for distributing commodities should have been more properly directed to Secretary Benson or to President Eisenhower.

Public-assistance recipients should not be stigmatized by being required to line up at a distribution point for a handout from Government. In this we agree. However, may I further point out to you that I urged the Department of Agriculture to increase its allotments of surplus foods for Minnesota's unemployed only as a stopgap effort made necessary by the failure of this administration to support more practical and constructive plans now before the Congress and supported by most of our welfare agencies. It is my understanding that under present policies, the administration just makes such food available to State governments for relief purposes, and it is entirely up to the State itself how they are used and distributed.

Indeed, the present method of distributing surplus commodities is unwieldy and cumbersome and unsatisfactory in many respects. In order to get the best use of these commodities, it is necessary for the respective State governments to undertake their share of the responsibility, namely, repackaging and effective distribution. There has been a good deal of talk these recent years about States' rights and the importance of decentralizing the activities of government. May I humbly suggest that here is an opportunity for the States through their appropriate agencies to demonstrate their ability and willingness to effectively administer a program. As the law now stands, responsibility rests entirely with the States as to how such available food is to be distributed.

I shall continue to do all in my power to persuade this administration and the Congress to adopt an effective food-stamp program—a program that will utilize the administrative facilities of the established welfare agencies and provide for distribution of surplus commodities through the normal channels of trade. This is my program. It is the one I have supported ever since I have been a Member of the Congress, and the one I have recommended both to the Department of Agriculture and to the Congress itself. I regret there has been no action.

Sincerely yours,
HUBERT H. HUMPHREY.

Mr. HUMPHREY. Mr. President, it was my belief that the best place to obtain guidance on sound ways to use our food abundance to aid the underprivileged was through our county welfare boards having to face daily the problem of assistance for the needy. For that reason I sent copies of the dairy diet dividend proposal I have introduced as S. 3079, together with a booklet containing the research study upon which it was based, to each of our county welfare boards. I have been favorably impressed with the interest shown by these professional workers in the welfare field. Fifteen county welfare boards have written me following discussion of this problem, all indicating approval of the food-stamp concept and generally supporting the dairy diet dividend idea.

Mr. President, I believe these letters are helpful in that they show the problems confronting county welfare offices in attempting to take advantage of present authorization for bulk food distribution, and show an overwhelming preference for use of a food-stamp plan that would permit food distribution through normal channels of trade.

As an indication of what welfare workers think about the present need for some form of a food-stamp plan, I ask unanimous consent to have these letters appear at this point in my remarks, and then be referred to the committee considering the legislative proposals in this field introduced in the Senate.

There being no objection, the letters were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

POPE COUNTY WELFARE BOARD,
Glenwood, Minn., April 26, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: Your Dairy Diet Dividend plan was presented to the welfare board at their meeting on April 21. After a thorough discussion of this proposal, I was instructed to write to you to express the board's approval of this plan.

They were aware of many children and adults here in Pope County who were not receiving either any or sufficient dairy items in their diets. They were also of the opinion that many of our public-assistance recipients were not receiving a sufficient amount of these food items. They felt that if they received certificates regularly each month that the recipients would be encouraged to use these products.

The welfare board felt that the Secretary of Agriculture or some other governmental agency should be granted the authority to limit the operation of this plan should surpluses cease to exist. Also, the board felt that this is a plan which should be made optional with each State.

Sincerely yours,
ALLEN G. SIGAFUS,
Executive Secretary.

CASS COUNTY WELFARE BOARD,
Walker, Minn., May 21, 1954.

Senator HUBERT H. HUMPHREY,
United States Senate, Committee on Government Operations, Washington, D. C.

DEAR SENATOR HUMPHREY: This is in reply to your letter of March 24 relative to your food distribution plans about which you have requested my reaction.

All of your proposals point up a contention which we in this area have held for some time—that the problem is not one of surplus foods, but rather a distribution problem.

Ever since the Republican Party and the Agriculture Department began worrying vocally about surplus agricultural products, the Cass County Welfare Board has been advocating the reinstatement of the Federal Government's food-stamp plan.

I believe you are sufficiently familiar with the economic setup in this area; that wages and per capita incomes are as low as you will find in any marginal area of the United States. Because of this situation, even with

an unusually large public assistance caseload, there are many, many families in this area who are not on assistance and do not have the income to purchase all the dairy and other food products that their families should consume for maintenance of good health.

Because of the delicate economic balance in the area, any food distribution plan worked out must consider the welfare of the merchants trying to do business here.

We feel that the food-stamp plan and your Dairy Diet Dividend plan fits the needs of this area in an excellent manner and accomplishes the purpose for which they are intended, but please do not foist any surplus commodity hand-out plan on this area. It would create economic chaos in Cass County.

Best wishes to you for the success of your efforts.

Sincerely yours,

L. H. DAHM,
Executive Secretary.

ROSEAU COUNTY WELFARE BOARD,
Roseau, Minn., April 21, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senator,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: This acknowledges receipt of your letter and enclosed literature relating to the dairy-diet dividend plan.

I believe the idea of supplementing deficient diets with surplus commodities is commendable. However, it is my understanding that the food allowances made to public-assistance recipients is not meager, but permits a very adequate level of nutrition as carefully computed from food surveys and other specialized studies.

In my opinion there is greater need in this county for diet supplementation among the nonassistance section of the population than among those receiving assistance.

Very truly yours,

NATHAN J. MOORE,
Executive Secretary.

WASHINGTON COUNTY WELFARE BOARD,
Stillwater, Minn., April 22, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: Your letter of March 24 regarding distribution of surplus commodities was taken up with the welfare board at their meeting on April 21.

The board would be in favor of distributing surplus if a stamp plan is put in effect and it covered all public assistance cases.

The present method of bulk distribution is quite expensive and we are only able to distribute them to the few general relief clients.

Having had experience with the former method of distributing bulk surplus, it was found to be wasteful, but the stamp plan worked out very well and benefited the local merchants as well.

Sincerely,

CLARENCE W. O'BRIEN,
Executive Secretary.

HUBBARD COUNTY WELFARE BOARD,
Park Rapids, Minn., April 19, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senator from Minnesota,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: I was not affiliated with welfare services at the time that the "stamp plan" was formerly used but have often discussed ways of getting the so-called surplus foods into the hands of those on public assistance and to those who may not be receiving assistance but who subsist on much less than human beings should be required to do in America, with persons who handled the stamp plan. In every case they have reported that this is the logical, workable, and simple method of distribution as it utilizes the regular channels of trade and the certification of eligibles by existent agencies keeps at a minimum the administrative costs.

It cannot be any secret to anyone that pays any attention at all to the lot of his neighbor that at least in poorer economic areas such as ours there is a sizable percentage of the population that is poorly fed even in the best of times. This is besides those who live on public assistance. As a matter of fact, a man with a family, working at the "going wage" in our area, as a laborer, cannot compete for goods with the many two-paycheck couples that have so increased in this country. To me it seems that there is either going to have to be some stamp-plan program or a family payment per minor child, or both, to keep any semblance of family in this country for long.

Sincerely,

GARRETT BENSON,
Executive Secretary.

MILLE LACS COUNTY WELFARE BOARD,
Milaca, Minn., April 30, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: Your letter of March 24, 1954, regarding surplus foods was read to the Mille Lacs County Welfare Board at their meeting on April 21, 1954. We realize that this was presented to the board sometime after its receipt but it was the first meeting of the board during the month. The welfare board consists of 7 members, 5 of whom are farmers, and they were, therefore, very interested in your correspondence.

Some time ago, Governor Anderson contacted the welfare board regarding their opinion as to the possibility of welfare boards distribution points in the county, it would did not go along with the suggestion at that time as they felt it would be administratively expensive to distribute commodities. It would mean obtaining a place to store the commodities, hiring someone for the distribution, and, because of the location of the distribution points in the county, it would be expensive and difficult to contact all of our clients. Most of the members on the board remember the distribution of commodities under the stamp plan and felt that that plan had been most effective in providing for the client and also satisfying the local merchants. They, therefore, indicated to the Governor that they were not in favor of receiving surplus commodities unless it would be under the stamp plan or some similar type of distribution. They, therefore, heartily endorse your proposed plan and hope that it will be made effective soon.

You are perhaps aware that Mille Lacs County has an Indian population. Recently, at a council meeting of these Indians, they passed a resolution requesting that the Mille Lacs County Welfare Board try to obtain surplus commodities for them.

The Indians indicated that they had always been well satisfied with the commodities they received and that they were anxious that food be made available to them by a distribution of the surplus foods soon.

I therefore wish to advise you that the Mille Lacs County Welfare Board heartily endorses your dairy diet dividends plan and, if we can be of any assistance to you in furthering its cause, do not hesitate to contact us.

Yours very truly,

DOROTHY ALLEN,
Executive Secretary.

NICOLLET COUNTY WELFARE BOARD,
St. Peter, Minn., April 27, 1954.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: After receiving your recent letter and phamphlet on your plan to use surplus milk products, I immediately read the entire booklet over and finally realized the merits of your proposal. I had planned to write to you immediately after reading this in order to tell you that I thought it was a very fine plan and I also thought I would present it to our next welfare board meeting which would be held on April 22. I told our welfare board about dairy diet dividends and they instructed me to write to you telling that they also see many merits in your plan and realize that something should be done with our surplus milk products. They could think of no better way than giving it to people who are receiving public assistance because they know that many of these people cannot afford to purchase these products at their present price.

The average old-age-assistance grant in Nicollet County, excluding medical, is $43 a month. Many of the people who are receiving old-age assistance are property owners and out of their $43 a month they must provide for the upkeep of their property plus their own needs. It is a shame to talk to these people and realize that they cannot afford to buy milk products which they basically need, yet our country has a vast storehouse of these products.

I have talked to other interested parties in Nicollet County when Senator KERR came out with his plan, and practically everyone approves of using up the surplus products by giving them to people who are in need.

I believe that Nicollet County is one of the wealthiest counties in Minnesota, due to the fact, that they have fewer welfare cases and spend less per capita than any other county in Minnesota. Yet our welfare board has been liberal and has always followed the recommendation of myself and the social worker.

If you have any other material regarding plans for disposal of surplus products feel free to send us this information.

Very truly yours,

JOHN H. VERKENNES,
Executive Secretary.

ANOKA COUNTY WELFARE BOARD,
Anoka, Minn., April 23, 1954.

The Honorable HUBERT H. HUMPHREY,
The United States Senate,
Washington, D. C.

MY DEAR SENATOR: While we have not carefully reviewed the provisions of the Dairy Diet Dividend Act, we are in favor of the basic idea of the distribution of surplus dairy products to public assistance recipients through a stamp plan.

Very truly yours,

JOHN ELFELT,
Executive Secretary.

BECKER COUNTY WELFARE BOARD,
Detroit Lakes, Minn., April 19, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senator,
Washington, D. C.

DEAR MR. HUMPHREY: We are in receipt of your letter of March 24 about the introduction of the National Dairy Diet Dividend Act which is summarized in the enclosed press statement. It would appear to us that this is sound, and our board has gone on record favoring the food-stamp plan but does not want any part of the distribution of commodities in any other manner than through the stamp plan.

Yours very truly,

A. O. HOGHAUG,
Executive Secretary.

HENNEPIN COUNTY WELFARE BOARD,
Minneapolis, Minn., April 23, 1954.
Hon. HUBERT H. HUMPHREY,
United States Senate, Senate Office Building, Washington, D. C.

DEAR SENATOR: I received your letter this week along with descriptive material regarding your dairy diet dividend plan. I discussed this material with the board and want to assure you that we are heartily in accord with a plan of this type.

I know that you have been somewhat concerned over the fact that reports from Minnesota indicate that the county welfare boards have been generally opposed to accepting and handling so-called surplus commodities even though it would appear that the nutrition needs of their clients might be helped by having these dairy products available to them.

In our staff discussions here in the agency and in my conversations with other people in the field in Minnesota I think the problem on this arises because of the fact that the Agriculture Department makes these surpluses available to welfare agencies but does so in such a way that very few, if any, are willing to participate in the plan. As you know the present plan calls for the agencies to pay the freight from the Federal storage point, package the products, store them, and distribute them to eligible clients at the local level. This plan has some really objectionable features. One is that the problem of storage at the local level, warehousing, packaging, and distribution is not only expensive for the local agency but is an extremely archaic and cumbersome method of getting the commodities to the people. We have felt that in this country we passed the point many years ago when public assistance recipients were set apart as a special group who should be required to stand in line and be identified as recipients of free or surplus food. On the day of distribution they might or might not be able to use the commodities available and if they did not have adequate refrigeration and storage facilities much of it might be wasted. We have always felt that distribution of this type should take place through the local channels of food distribution where it is handled by the people who understand the business and may be purchased by public assistance recipients in the same manner that other persons in the population do.

I am hopeful that your efforts to have a so-called stamp or dividend plan enacted will meet with success as I am sure that the recipients of public assistance could certainly use the surplus dairy products in their diet to advantage.

Yours very truly,

EDWARD R. KIENITZ,
Executive Secretary.

KOOCHICHING COUNTY WELFARE BOARD,
International Falls, Minn., May 5, 1954.
Hon. HUBERT HUMPHREY,
United States Senator,
Committee on Government Operations, Washington, D. C.

DEAR SENATOR HUMPHREY: In response to your letter of March 24, 1954, on dairy-diet dividend, the county welfare board here has long held sympathy with recipients of public assistance that it is most difficult to manage on accepted public-assistance standards for assistance.

As an example, they have cited that two old-age assistance recipients living together receive $23.55 each as food allowance. The board does not question that this allowance, if expended properly, would provide ample of nutrition necessities for this couple.

They are also aware that recipients dependent upon old-age assistance for a long period do find it difficult to limit their food purchases to nutritional necessities and hence need draw on other budgeted items, such as personal incidentals ($3 per person), clothing ($5.70 per person), or household supplies and replacements ($4.70 for household of two persons) to meet the cost of food purchased.

The local welfare board does favor the idea of disposal of American food surpluses through increasing the food allowance per person in public assistance in some disciplined way. The board also recognizes the liabilities of the earlier method of distribution surpluses in kind as surplus commodities. Spoilage, cost of handling, shipping, packaging, etc., often more than offset the benefit.

We thoroughly agree that all aid categories should be included in any surplus distribution plan; that distribution by method of money value certificates to local retailers is a preferred method.

We sense from our experience that substantial caution should be given that fringe eligibility is locally determined rather than open substantial channels for criticism as handouts.

In all, the dairy-dividend method, as you suggest, seems to have substantial merit according to the opinion of the local welfare board.

The board much appreciates your thoughtfulness in referring to us a copy of a proposed bill and the implication that those back in the home community who, at the public level, for whatever duties and responsibilities are involved are offered opportunity to convey their opinions to their Senator.

Very truly yours,

PHILIP F. MURRAY,
Executive Secretary.

FREEBORN COUNTY WELFARE BOARD,
Albert Lea, Minn., May 3, 1954.
Hon. HUBERT HUMPHREY,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR MR. HUMPHREY: Your recent correspondence regarding your dairy-diet dividend plan whereby surplus dairy products would be made available to public-assistance recipients giving coupons to them whereby they could purchase these products at reduced rates was received. I felt that you would be more interested in the reaction of our welfare board than my personal opinion so this matter was presented to them at their monthly meeting on April 22, 1954. After a discussion of your dairy-diet dividend plan from information you enclosed, the Freeborn County Welfare Board went on record approving this plan.

It was felt this plan had considerable merit in that food products would be distributed through already existing facilities rather than the welfare office actually handling the distribution of the food.

With the adoption of your plan it was felt that the families involved would definitely be encouraged to make use of more dairy products and by doing so provide more nutritious diets.

Sincerely,

JOHN H. HANSEN,
Executive Secretary.

YELLOW MEDICINE COUNTY
WELFARE BOARD,
Granite Falls, Minn., May 5, 1954.
Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: We wish to thank you for the material that you submitted to our agency regarding the Dairy Diet Dividends Act. I found the material to be quite interesting and as a result I brought the information to the attention of our welfare board at their meeting on April 21, 1954.

It was generally concluded that the aspect of using a dairy diet dividend certificate would be more advantageous than the use of a food stamp plan or that of an allotment of food in wholesale quantities. It was further decided that there would be people on public assistance that would use the "certificates" constructively for the betterment of their diets. However, it was recognized there were others who would not use the certificates as a means to supplement the amount of assistance they were already receiving for food. These people most likely would use some of the funds provided them for food for other purposes if they had the extra resources given them in the form of the dairy diet dividend certificate. It would be this type of person who would defeat the whole intent of the act, that of reducing the stock of surplus dairy products. It is therefore difficult to predict the total effect that the Dairy Diet Dividend Act would have on reducing the surplus supply of food commodities.

Our welfare board appreciates your interest in obtaining information from the "grass roots" organizations and if we may be of service in the future, please feel free to contact us.

Yours very truly,

JAY KERR,
Executive Secretary.

COTTONWOOD COUNTY WELFARE BOARD,
Windom, Minn., May 15, 1954.
Senator HUBERT H. HUMPHREY,
Washington, D. C.

DEAR SIR: The Cottonwood County Welfare Board considered your proposed Dairy Diet Dividends at their regular meeting held on April 26, 1954.

The board has considered surplus commodities several times in the past but has taken little interest in this problem because of problems of distribution. They felt that your plan had considerable merit and that it would probably work out best through the local merchants and the certificate system or stamp plan which has been used in the past. They, therefore, voted approval for a plan of this nature.

Very truly yours,

CHESTER W. PEARSON,
Executive Secretary.

SHERBURNE COUNTY WELFARE BOARD,
Elk River, Minn., April 22, 1954.
Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: The material which you sent regarding the above plan has been received and considered in relation to the welfare programs, and with respect to the overall situation in this country in which the dairymen have succeeded in producing, to such extent, as to create a surplus of dairy products.

Your plan will result in a complication of administration of the various programs, with the possible exception of direct relief, in which a food order is usually given. As you know, the law requires that assistance be issued in cash in the four programs in which there is Federal participation. Despite this, the plan is almost certain to gain support from the majority of the rural welfare boards, including the Sherburne County Welfare Board, since it is their desire to attempt to find a solution to the present farm problem.

It would appear that essentially the plan will eliminate surpluses, but will not curtail Government participation in the purchase of dairy products. In addition it will, indirectly,

tend to encourage further Government subsidization of the income of other groups.

The predominant benefit to be gained from your plan is that dairy products will become available, to some degree, to those people who ordinarily would be unable to purchase them.

We hope the above remarks will be of some assistance to you in furthering your plan.

Very truly yours,

HENRY ENGELKE,
Executive Secretary.

Mr. HUMPHREY. Mr. President, we must look for expanded outlets and uses of our abundance in our own country, as well as look for them overseas. The food-stamp idea offers a chance to start.

Although Secretary Benson, with much fanfare, urged farmers to look toward expanded exports rather than to price supports for their income protection, the fact remains that America's exports of farm commodities dropped 17 percent last year below 1952.

We heard glowing promises about how the problem was going to be solved by the Department's new emphasis on foreign outlets. We have the results to compare with the promises.

I believe much more can and should be done in the foreign field—much more than the Department has done or is doing.

But I believe first of all we must explore new outlets at home, among our own people. We must seek to get the food needed to people who cannot afford to buy it. We must make food distribution part of our farm program to assure outlets for the abundance we are capable of producing, and the abundance that we will need in years to come.

No one contends that a permanent answer to the farm problem is giving away food. This is a temporary situation. Our growing population itself will use up all the food we can produce if we keep our economy prosperous and expanding.

But we need action now, and this is the kind of action that will help. We need this food-distribution program not just for the sake of farmers, but for the sake of the aged, the needy children, the disabled. We need it to assure adequate diets for the less fortunate in our midst.

Can we long maintain our position as an example holding forth our shining light to the rest of the world if we complain about abundance while letting our own people go hungry?

Let us show that we care about people's stomachs. Let us be just as interested in full stomachs as we are interested in full cartridge belts. Let us take the constructive course of putting our food to use, rather than upsetting our farm economy by trying to make farmers quit producing.

RULES OF PROCEDURE FOR INVESTIGATIONS BY SENATE COMMITTEES—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. KEFAUVER. Mr. President, yesterday in submitting Senate Resolution 256, to establish rules of procedure for investigations by Senate committees, the name of the Senator from West Virginia [Mr. KILGORE] was inadvertently omitted from the list of cosponsors. I ask unanimous consent to have the resolution reprinted, showing Senator KILGORE's name as a cosponsor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

AMENDMENT OF RAILROAD RETIREMENT ACT OF 1937—REPORT OF A COMMITTEE

Mr. GOLDWATER. Mr. President, on behalf of the senior Senator from New Jersey [Mr. SMITH], from the Committee on Labor and Public Welfare I report favorably, with an amendment, the bill (S. 2178) to amend the Railroad Retirement act of 1937, as amended, by repealing the last paragraph of section 3 (b) thereof, commonly referred to as the "dual benefit provision," and I submit a report (No. 1476) thereon.

The PRESIDING OFFICER. The report will be received, and the bill will be placed on the calendar.

THE TAFT-HARTLEY ACT

Mr. GOLDWATER. Mr. President, it is not customary to exhume dead issues, but the corpus delicti in this instance can well stand another scrutiny, particularly in view of the strange circumstances surrounding its demise.

On May 7, 1954, we saw happen here something that, if my recollection of the history is correct, had not happened in the United States Senate in the past 22 years.

What was this rare thing? It was a rollcall vote in which the Democratic Members of the Senate—north, east, south, and west—were unanimous on a piece of legislation. That was remarkable enough. But what makes the event still more remarkable is the fact they showed this striking unanimity in dealing with an issue on which the two wings of their party are, in fact, poles apart.

We saw, on the one hand, those members of the Democratic Party who profess to be the friends of labor and whom labor leaders hail as their spokesmen in our deliberations, vote to recommit a bill, S. 2650, that, by any standard, was a prolabor bill. And we saw, on the other, those of our friends from the South, all strong advocates of States rights, voting with them and thereby defeating any chance of restoring to the States important rights in the field of labor relations that the courts, not Congress, have taken from the States.

Why did the Fair Deal Democrats vote to recommit S. 2650 and thereby kill it?

That bill abolished the so-called mandatory injunction, against which labor leaders and their spokesmen have inveighed long and loudly.

It permitted secondary boycotts against struck work, something they long have demanded.

It permitted sympathy strikes on building and construction projects.

It removed any possibility of union busting during an economic strike.

It legalized in the construction and amusement industries and in other industries where work is casual, temporary or intermittent "sweetheart contracts," under which the employers recognize the unions as the exclusive bargaining representatives of employees even before any employee is hired and regardless of the employees' wishes, and force the employees to join the union in 7 days or lose their jobs.

It made crystal clear that an employee does not become a union's agent and make it responsible for what he does merely by joining it.

It required employers and their officers, like union officers, to swear they are not Communists.

It provided in effect that employers who exercise their right of free speech in the field of labor relations may do so only at the risk of having the Labor Board find some other, unrelated act to be an unfair labor practice.

It eliminated some of the information about themselves that unions must file in order to use the processes of the National Labor Relations Board.

It ceded to State agencies authority to deal with disputes over which the National Board declines to take jurisdiction.

It relieved parties to collective bargaining contracts of any duty to bargain on new provisions during the contracts' terms.

It affirmed the rulings of the Labor Board that extend the right of free speech to election cases.

It permitted States to handle strikes and lockouts within their borders that constitute a real and present danger to the health and safety of their citizens.

Ten of these 13 changes are changes that labor leaders and their spokesmen have been demanding for 7 years. Three of the 13 are changes concerning which labor leaders either did not comment or on which they expressed only mild concern in hearings before the Committee on Labor and Public Welfare.

The bill did not include proposed changes that labor leaders and their spokesmen denounced most vehemently, providing for secret strike ballots, restoring to the States their traditional authority to deal with strikes, picketing, lockouts and boycotts, and strengthening the prohibitions against secondary boycotts.

Yes, the bill was greatly weighted in favor of labor unions and their leaders.

Yet we find voting to kill it the very Members of the Senate who for 7 years have been most vociferous in demanding most of the changes that the bill proposed. They not only voted to kill it, but voted not even to consider it.

That is profound confusion.

What motivated those of our distinguished friends who for so long have done the labor leaders' bidding when they voted to recommit this prolabor bill? Why can there be any doubt in anyone's mind that they still were doing the labor leaders' bidding? There is none in mine.

It seems obvious to me that enemies of the Taft-Hartley Act, in 1954 as in 1949, preferred trying to keep it alive as a political issue over trying to improve it, to make it fair to employees and their unions, employers and the public. In 1949, Senators will remember, its enemies in the House, when repeal appeared im-

possible, blocked amendments by recommitting the Wood substitute for the Thomas-Lesinski bill. The Senate passed the Taft amendments to the Thomas-Lesinski bill, making many concessions to unions and their leaders, but with all the so-called friends of labor voting against them.

Now, I am not deploring the Senate's failing to adopt S. 2650. In my opinion, it in some ways went too far, much too far, to appease labor leaders. In my opinion, it failed in many respects to provide for the public and particularly for working people protections against abuses of some labor leaders that they so sorely need. I think the Taft-Hartley Act, as it is, is a very good law. Were it not a good law, it would not have survived the 7 years of abuse with which its enemies have bombarded it so vociferously for all these years. But it could be a better law, and I for one think it our duty to improve it, or, at the very least, to try to improve it.

What I deplore is the unwillingness of those who profess to be friends of labor even to consider a bill that made many and important concessions to labor. I deplore their putting politics above dealing soberly and objectively with a serious proposal for amending one of our most important statutes.

Confusing as it is to find self-styled friends of labor voting to recommit a prolabor bill, still more confusing is it to find stanch and traditional advocates of States' rights voting to block the only opportunity we will have in this session of Congress to restore to the States their authority to regulate some aspects of labor relations.

In his message to Congress on January 11, 1954, the President recommended that we assure to the States authority to deal with labor disputes that imperil the health and safety of their citizens.

The President called attention to the need to clarify the right of the States to deal with other aspects of labor-management relations. My amendment would have permitted the several States and Territories to give effect to their local laws so long as those laws do not, first, permit unions or employers to interfere with, restrain or coerce employees in exercising their rights under the National Labor Relations Act; second, infringe on the exclusive authority of the National Labor Relations Board to resolve all questions concerning representation of employees; or, third, impair the right to bargain collectively that the national act guarantees.

S. 2650 carried out the President's recommendation concerning local emergencies. The President approved the principle of my amendment.

In these circumstances, there was a good possibility that the Congress would have reversed at least those more sweeping rulings of the courts that have left the States virtually powerless to deal with such things as secondary boycotts, breaches of collective bargaining agreements, strikes that union leaders call without the consent of the rank and file, strikes in lieu of using the peaceful procedures of the National Labor Relations Board and like matters.

How can our friends from the South explain to their constituencies their joining with the Fair Deal to kill any hope of restoring States' rights at this session?

They tried to explain it by claiming here that the majority of the Senate Committee on Labor and Public Welfare refused to consider any amendments of the Taft-Hartley Act other than those the President recommended. Now let us examine that claim.

The truth is that the committee considered, and considered carefully, at least a dozen amendments that the minority proposed to the President's recommendations. It was obvious that the committee could not reach agreement on all of the President's proposals, much less on the many others that were under consideration. It therefore limited its bill, S. 2650, to those of the President's recommendations on which a majority of the committee could agree. All members of the committee, and all other Senators were perfectly free to offer further amendments when the bill reached the floor, and some of us did so.

This procedure was far less drastic than the procedure that the committee followed in 1949. Then, the administration drafted a bill repealing the Taft-Hartley Act and reenacting the Wagner Act with a new clause that the Wagner Act did not contain, overriding State laws that limit compulsory unionism. The majority, ironically identified with the so-called Fair Deal, would not even consider amendments of language their bill contained, much less new clauses that their bill did not deal with. This year, the minority offered 12 amendments. We discussed them thoroughly. This the ranking minority member conceded at page 5998 of the RECORD on May 5, 1954.

But even if it were correct that we refused to consider the minority's proposals, that is no ground for recommitting the bill. Since 1935 all our labor legislation has been written on the floor. When the House of Representatives adopted the Smith amendments in 1940 and 1941, the Senate committee, which labor leaders completely controlled, bottled them up. The Smith-Connally Act during World War II, the Case bill in 1946, the Taft-Hartley Act in 1947, and the Thomas-Lesinski bill as the Senate adopted it in 1949, all consisted for the most part of amendments that the Senate committee rejected or refused to consider, and that the Senate adopted over the objections of the majority of the Senate committee.

I think the senior Senator from Florida was more candid than others of his colleagues when he said, in effect, that he voted to recommit the bill because the possibility that the Senate would add so-called fair employment practices provisions to it was of greater concern to him than enlarging the States' control over labor-management relations within their borders. And I think some of those from the northern wing of his party would have been more candid had they admitted that it was more abhorrent to them to allow to the States some of the authority they had under the Wagner Act than it was desirable to adopt the prolabor clauses of the bill, plus a possible FEPC clause.

Why they should feel this way is beyond me. They are the ones who, in 1949, wished to repeal the Taft-Hartley Act and restore the Wagner Act. Yet under the Wagner Act the States were perfectly free to do all that my State's rights amendment would permit them to do, and much more.

If I have properly analyzed the views of the two wings of the Democratic Party in voting as they did to recommit S. 2650, it seems to me that they have done themselves and the country at large a great disservice.

Had they not voted solidly to recommit, the Senate could have proceeded to consider the bill. It could have considered amendments of clauses the bill contained. It could have considered amendments on subjects the bill did not cover.

The Senator from Vermont [Mr. AIKEN] at page 6199 of the RECORD stated what seemed to me the duty of all of us when he said:

> I believe that for the most part the amendments incorporated in the present bill are good amendments. I realize that other amendments to the bill will be offered. In fact, about 20 have already been submitted. Some are good and some are bad. I intend to vote for the good amendments, and against the bad ones. If the bill becomes loaded with bad amendments, I then propose to vote for recommital. I do not believe it is fair to labor, to employers, or to the country to admit defeat before we start to improve the bill on the floor of the Senate. I cannot vote for recommitting the bill at this time.

Those were the words of one of our wisest, most experienced, most conscientious, and most courageous colleagues, able and willing always to live up to his responsibilities as a Member of this great body, ducking and dodging them never.

I think we all should have approached S. 2650 in the same spirit. If the majority of us, for any variety of reasons according to our lights, thought the final bill on balance did more harm than good, then we could have recommitted it. If, for example, the bill then contained a States' rights clause abhorrent to the distinguished Democrats from the North and a FEPC clause equally abhorrent to their distinguished colleagues from the South, then there would have been time enough for them to form their strange alliance. But, instead, they ran for cover before they knew what they were running from.

There remains but one explanation for this almost unprecedented unanimity among those on the other side of the aisle. They seized upon the issue as an opportunity to defeat a major part of the President's program. Their 48 votes, plus the vote of the junior Senator from Oregon, gives them the majority of the Senate on any vote in which they care to take it.

I, in my innocence, Mr. President, when I came here last year gladly accepted a place on the committee, believing that here I could perform important service for the country. But let

us proceed with the remarks of the Senator from Vermont [Mr. AIKEN]:

It [the committee] should be doing better work. After 13 years on that committee, I finally came to the conclusion that there was absolutely no hope that the Democratic Party would cease attempting to use the welfare of labor and labor legislation for political purposes. I felt that my usefulness on that committee had come to an end because it was apparent that the Democratic Party had the power to block improved labor laws. Therefore, at the beginning of this session, when the opportunity offered I asked for a transfer to another committee.

I think we should try to improve the Taft-Hartley law, and not try to preserve any of its defects, real, or imaginary, to be used during political campaigns from this time on, as they have been used during the past few years.

Again, the Democratic Party has blocked not only improving the law, but even considering improvements. And to what end?

To the end, Mr. President, that the Democratic Party may keep on playing politics with this vital issue. To the end, perhaps, that the southern Democrats may tell their constituents that they saved the Taft-Hartley Act and prevented enactment of a fair employment practice clause, while northern Democrats are telling labor leaders that they prevented a States' rights amendment.

Or to the end, it may be, that southern Democrats, having themselves killed any chance of enacting a States' rights clause, can claim that the States are losing their rights under the Republican Taft-Hartley Act, forgetting to add that they and the great majority of all Democrats in Congress voted for that act in 1947. While the Democratic Party is saying this out of the southern corner of its mouth, it can, out of the northern corner of its mouth, continue to abuse and vilify the Taft-Hartley Act.

All these Democrats, I dare say, Mr. President, having torpedoed the President's plan to enact fair amendments to the Taft-Hartley Act, having scuttled his efforts to take Taft-Hartley out of the political arena, will tell their constituents out of both corners of their mouths that they, not the Republicans, are supporting the program of our popular President. They ought not to get away with it.

This may be politics, Mr. President, but to me it seems a shameful kind of politics.

The Senators on the other side of the aisle, in voting to recommit S. 2650, showed beyond all doubt that they will defeat any part of the President's program, regardless of its merit, any time they can find or fabricate a plausible excuse to use back home.

Now the issue can be returned to its grave, and I hope that the obvious and clear endorsement of the Taft-Hartley Act by the Democratic Party will restrain its membership from abusing it in the coming elections, as it has done in the past.

RECESS UNTIL TUESDAY

Mr. GOLDWATER. Mr. President, in accordance with the order prevously entered, I move that the Senate stand in recess until 12 o'clock noon on Tuesday next.

The motion was agreed to; and (at 6 o'clock and 37 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Tuesday, June 1, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 28 (legislative day of May 13), 1954:

UNITED STATES PUBLIC HEALTH SERVICE

The following candidates for personnel action in the Regular Corps of the Public Health Service:

I. FOR APPOINTMENT, EFFECTIVE DATE OF ACCEPTANCE

To be senior surgeons

Fred W. Morse, Jr.
John M. Whitney

To be assistant surgeons

Leslie R. Schroeder
Donald P. MacDonald
William K. Carlile
Malvern C. Holland
Joseph Rapaport

To be assistant sanitary engineer

Francis M. Crompton

To be senior assistant sanitarian

Charles E. Gerhardt

CONFIRMATIONS

Executive nominations confirmed by the Senate May 28 (legislative day of May 13), 1954:

UNITED STATES COAST GUARD

The following-named persons to be captains:

John R. Stewart
John R. Coiteux
Arthur J. Hesford

The following-named persons to be commanders:

George T. Murati
Harry A. Walker
Allan P. Moffat
James W. Williams
Henry P. Kniskern, Jr.
James L. Jones
George P. Creighton
Leif H. Konrad
Cornelius G. Houtsma
Frederick K. Arzt
Clay Clifton
John B. Hunziker
Charles M. Vasterling
Edward C. Allen, Jr.
Arthur S. Phelan
Paul Pollatt
Arthur B. Engel
Emmett J. Corrigan
James A. Hyslop
Charles W. Beach
Joseph Change
Benjamin D. Shoemaker, Jr.
Frederick A. Reicker
Willis A. Bruso
Donald C. Gunn
Raymond A. Tuttle
Addison S. Elliott
Sverre S. Arnet
Charles E. Leising, Jr.
Jesse O. Thompson
Cortland T. Quinby
Lloyd L. Stoltz
Homer D. Babbidge
George E. McCarthy
Raymond J. Fugina
Benjamin P. Clark
Thomas R. Sargent III

The following-named persons to be lieutenant commanders:

Stanley H. Rice
Roderick L. Harris
Opie L. Dawson
Harold T. Hendrickson
Robert J. Clark
Clinton E. McAuliffe
David W. Woods
Hugh F. Lusk
James D. Luse
George C. Fleming
William C. Morrill
Kenneth E. Wilson
Ward J. Davies, Jr.
John M. Waters, Jr.
Walter A. Wright
Frederick C. Munchmeyer
Harry E. Haff, Jr.
Richard W. Young
Charles Dorian
Roger H. Banner
James W. Moreau
Robert P. Cunningham
Charles A. Greene
Gerhard K. Kelz
Douglas D. Vosler
Edward D. Scheiderer
Leroy A. Cheney
Frederick A. Goettel
Albert A. Heckman
Lewis W. Tibbits, Jr.
Donald H. Luzius
Arthur A. Atkinson, Jr.
John W. Sutherland
Urial H. Leach, Jr.
Richard H. Welton
Frank C. Schmitz
Ernest H. Burt, Jr.
Francis X. Riley
Bainbridge B. Leland
Jerry K. Rea
John L. Haney
Richard L. Fuller
Billy R. Ryan
Charles E. Norton

The following-named persons to be lieutenants:

Clifford F. Peistrup
Robert E. Williams
Stanley B. Russell
Joseph B. O'Hara
Marc Welliver II
Willis N. Seehorn
Leslie J. Williamson
Martin W. Flesh
Eugene E. McCrory
David R. Rondestvedt
Kevin L. Moser
Jack D. Lyon
Douglas H. Clifton
Allen C. Pearce
David C. Walker
David C. Porter
Abe H. Siemens
James H. B. Morton
Robert R. Hagan, Jr.
Paul A. Hansen
David D. Fritts
Oliver W. Harrison
Herbert J. Lynch
William G. Donaldson
Leslie M. Greig
Christopher S. Changaris
Casimir S. Rojeski
James R. Iversen
Philip M. Hildebrandt
Norman L. Scherer
Charles W. Berkman
Paul W. Welker
George A. Choquette
Leroy B. Smith
John G. Milosic
George A. Gyland
John Kruszewski
Floyd L. Hartson
Jacob C. Sorensen
Earl G. Hamilton
Lloyd S. Sadler
Loren V. Perry
Franklin H. Schonewolf
Clemons C. Pearson
Elmer Winbeck
Charles W. Smith
Martin S. Hanson, Jr.
Theodore L. Roberge
Nathan Vanger
Alton F. Pinkham
Ernest W. Payne
Axel R. Mattson
Marvin H. Twiford
Charles B. Martinson, Jr.
Leland O. Wilkie

The following-named persons to be lieutenants (junior grade):

William K. Vogeler
Donald H. Reaume
Harold R. Brock
Robert B. Matson
Glenn D. Jones
George H. Drinkwater
Oscar J. Jahnsen, Jr.
William J. Spinella
Richard G. Donaldson
William D. Derr
Arthur G. Morrison
John T. Rouse
Salvatore J. Bardaro, Jr.
David E. Metz
Robert J. Ryan
Bruce N. Donnelly
James R. Meeker
Frederick J. Lessing
Sherman C. Sawyer
Joseph A. Macri
Richard J. MacGarva
Edgar S. Castle
William T. Sode
Donald J. Riley
Charles A. Bova
Thomas F. McKenna, Jr.
Donald E. Greenamyer
Richard D. Hodges
Lynden U. Kibler
William L. Webster
John M. O'Connell, Jr.
Norman C. Venzke
Douglas R. Burke
John G. Beeble-Center, Jr.
David C. Klingensmith
Gilbert L. Kreisberg
Hubert E. Russell
Charles J. Glass
Richard M. Morse
James P. Marsh
Benedict L. Stabile
William R. Nodell
Robert E. Fletcher
Horace G. Holmgren
Claude R. Thompson
Raymond H. Wood
John C. Guthrie, Jr.
Robert C. Stancliff
Ferney M. McKibben
Arnold R. Reynolds
Sidney B. Vaughn, Jr.
Eugene A. Delaney
James H. C. Lowe
Roderick M. White
James L. Fleishell
Robert K. Adams
William R. Lamb, Jr.
Clifford F. DeWolf
George W. Bond, Jr.
Royal E. Grover, Jr.
William G. Dick
Thomas A. Clingan, Jr.
Harry J. Hayes
Allan B. Rose
William J. Baldau
Charles F. Juechter, Jr.
Donald G. Teifer
Jack L. Smith
David B. Fountain
Rudy Roberts
Harry A. Feigleson, Jr.
John C. Fuechsel
Joseph J. O'Rourke
Warren W. Waggett
John L. Knabenschuh
Leo V. Donohoe
Adrain L. Lonsdale
Alva L. Carbonette
Robert A. Seufert
Berry L. Meaux
Harold W. Parker, Jr.
John P. Mihlbauer
Clarence C. Hobdy, Jr.
Leopold A. Dombrowski
Jaime C. Gruger
Lawrence J. Otto
Walter C. Ilgenfritz, Jr.
William D. Harvey
William A. Maki
Donald L. Savary, Jr.
Francis H. Achard, Jr.

The following-named persons to be chief boatswains:

Raymond B. Newell	Harry A. Vaughan
George J. Devanney	Ralph E. Small
Joseph Etienne	Warren H. Wilmot
Carlyle J. Dennis	John Atherton
Beverly L. Higgins	Raymond V. Herron
Thomas Daly	Toivo R. Juntunen
George H. Austin	Aron Madsen
Benjamin W. Wroten	Richard C. Van Hine
Matthew J. Kaluske	Bernice B. Odin
William C. Thornes	Roland E. Miller
Frank A. Grantham	Harold W. Lawrence
Rupert O. Hall	Carl S. Boak
Everett J. Mooring	William W. Grubb
John E. Midgett	Roderick W. Dowell
Lawrence J. Autterson	John O. Woodworth
Cassius M. Fish	Stacy C. Cranmer
Edgar C. Hill	Edgar S. Klock
Maurice L. Kambarn	Floyd M. Hecox
Norman F. Cowan	Merlin Needles
Robert F. Rittenhouse	Francis J. Greenbrook
Cyrus Gray	Reginald L. Flewelling
Hilding L. Rinaldo	Joseph A. Pleau
George W. Cole	John T. Hevey
William G. Kincaide	Adrian Salter
John J. Gibbs, Jr.	David D. Albee
Earl F. Wallace	Louis C. Underwood
Albert H. Hauser	Everett M. Marshall
Burton V. Frymire	Henry V. Devereaux
Ezekiel D. J. Fulcher	Lee S. Roe
Arnold H. Peterson	George J. Chambers
Henry C. Wear, Jr.	Fred L. Finley
George E. Cote	James B. Burbine
James A. Hadley	Albert C. Lamb
Lowell D. Mead	Bror Anderson
Milo A. Jordan	Earl C. Jones
Wilbur E. Harris	Edwin W. Hansen
Merritt B. Richards	Don J. Call
Merritt O. Wright	Melvin H. Midgette
Joseph J. Armand	Seward S. Smith
James C. Henthorn	Clarence J. Pare, Jr.
Stephen P. Bunting	Charles V. Cowing
Laurance D. Parks	Joseph Sherlock, Jr.
Paul Lybrand	Francis S. Lamb
Herbert E. Mister	John W. Beach
Cecil M. Thomas	Frank Lord
Hugh M. Brown	Roy V. Wood
Preston R. Tittermary	Howard M. Varness
Ralph F. Barnes	Victor Koll
John M. Peoples, Sr.	Royce O. Tackett
Clifton Bahr	Joseph C. Daniels
Kenneth E. Gibson	Finis C. Key
Joseph N. Hebert	Roger F. Erdmann
John Needham	James M. Barker
Earl E. Burleson	Raymond H. Wilson
Allan T. Ruggles	

The following-named persons to be chief gunners:

George R. Pearce	Joseph J. Baber
Clifton A. Thompson	Ralph C. Sidebottom

The following-named persons to be chief radio electricians:

Harold I. Pendleton	Roger Smallwood
Darcy W. Reid	Charles A. Parcheski
William H. Keel	John H. Merada
John Ribarich	Burton E. Howell
Heinz O. Freytag	Milo A. Cornelius
Antonio Macchia	Joseph F. Van Cleave
Matthew P. Folan	James J. Morsey
Charles E. Haley	John E. Reiley
Zolton Papp	Joseph J. Puhlick
Arthur P. Dillow	Kenneth P. Hood
Harold W. Banner	Robert H. Watson
Gustave M. Lundgren	Benjamin Dollinger
Henry C. Lodge	Albert F. Padgett

The following-named persons to be chief machinists:

Everett C. Savage	Lindel Hall
Walter F. Booth	Clyde B. McGowan
George W. Madsen	Lloyd Young
Robert P. Chirnside	James Schackleford
Samuel R. Randolph	Nathan O'Neal
Milton C. Priebe	Lee B. McCrudden
Elmer F. Nelson	Harold J. Praedel
John S. Collins	Herbert H. Ehlers
George W. Dixon	Harry Casey
Dewey A. Moore	Alvin M. Elmore
Herbert C. Lawrence	Wesley R. Hansberry
Michael Sivacek	Edward F. Birmingham
Leroy Mullens	Ray E. Newton
Robert H. Doyle	Jesse D. Peugh
Carl H. May	John T. Hendrix
Howard M. Dunn	Myles P. Lattin
George M. Seaman	John H. Elliott
Harry N. Hansen	Hugh S. Hanna
Harry H. Eckels	Morris D. Coberth
Allen F. Perkins	John S. Fugate
Lindsay L. High	George F. Viveiros
Joseph W. Forbes	Edgar G. Riggs
Arthur N. Colona	Earl J. Rice
Henry J. Harris	George Reichert
Irvin C. Wilson	John Sacco
Clarence E. Gaylor	John C. Tappen
William H. Strickland	Robert P. Stalcup
William Reitz	Jesse Fowler
Charles R. Dowlan	Eugene H. Midgett
John T. MacKay	Elton W. Grafton
Wilbur G. Simpson	Homer E. S. Williams
James H. Thiemeyer	Jack K. Ridley
Raymond C. DeSelms	Joseph O. Kennedy
John E. Cavanaugh	Marion G. Rubado
Louis Breitenbach	Ellsworth Butler
Donald E. Simkins	

The following-named person to be a chief photographer:

George G. Twambly

The following-named persons to be chief ship's clerks:

Joseph M. McGahee
Ethan D. Halsey
Leonard L. A. Krenning

The following-named persons to be chief electricians:

George W. Tanghe	Cecil E. Phillips
Roy L. Daisey	William H. Magowan
Thomas R. Warren	John T. Dailey

The following-named persons to be chief carpenters:

Wellington E. Alley	Jasmin Richard
Benno Schaffer	Clavis W. Baum
Edmund S. Handor	

The following-named persons to be chief pay clerks:

"A" "J" Beard	Lawrence A. Storm
Myron C. Richmond	Herman W. Pelletier
Robert E. Daniel	Herbert Newman
Carl D. Miller	Ollie D. Brown
William O. Adams	Lamar J. Fowler
Harold W. Anderson	Lee W. Bothell
Bernard E. Brune	David Spratling
Joseph D. Simpson	Hudson M. Cooper
Peter Majkut	Lloyd M. Probst
William H. McBride	Henry A. Minard
George M. Olson	Robert A. Johnson
Raymond E. Holley	Harold M. Schiffbauer
Oscar D. Diel	Eugene Linnemann
Thomas E. Harwell	Peter P. Ashton
Marten A. Ashba	John T. Borys
Christy R. Mathewson	Richard V. Bercaw
Rush W. Farr	Roscoe Smith
Henry E. Titus, Jr.	Escol J. Parker
Albert M. Glenn, Jr.	Joseph E. Acker
Joseph A. J. Levasseur	Harry A. Lessey
Maynard C. Bedford	Joseph F. Donovan
Cecil W. Willis	William H. Mattson
James A. Leete	Fred W. Maukert
Darrell R. Heyting	William H. Reed
William M. Parker	Franklin H. Wix
Kenneth J. Titus	Phillip M. Collins
Cecil L. James	Joseph N. Alewine
Peter D. Shost	Gentry J. Cooke
Martin J. Healy	Harold G. Welchert

The following-named persons to be chief pharmacists:

William F. Noland
Charles S. Rhodes

ARMY OF THE UNITED STATES

The following-named officers for temporary appointment in the Army of the United States to the grade of brigadier general:

Col. George Wiltz Gardes, O28840.
Col. George William Hickman, Jr., O16420.

IN THE REGULAR ARMY OF THE UNITED STATES

The nominations of William French Acers and 446 other cadets, United States Military Academy, for appointment in the Regular Army of the United States, in the grade of second lieutenant, upon their graduation, under the provisions of section 506 of the Officer Personnel Act of 1947, which were confirmed today, were received by the Senate on Tuesday, May 25, 1954, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD for that day, under the caption "Nominations," beginning with the name of William French Acers, which is shown on page 7088, and ending with the name of Richard George Ziegler, which appears at the end of page 7090.

APPOINTMENTS IN THE NAVY AND IN THE MARINE CORPS

Roscoe D. George, Jr., midshipman (Naval Academy), to be ensign in the Civil Engineer Corps in the Navy, subject to qualification therefor as provided by law.

Dain S. Glad (Naval Reserve Officers' Training Corps), to be ensign in the Navy, subject to qualification therefor as provided by law.

The following-named (Naval Reserve Officers' Training Corps) to be ensigns in the Navy as previously nominated, to correct name, subject to qualification therefor as provided by law:

Russell P. Nystedt
Herbert H. Steinmann

The following-named (Naval Reserve Officers' Training Corps) to be ensigns in the Supply Corps in the Navy as previously nominated, to correct name, subject to qualification therefor as provided by law.

Cecil D. Briscoe
Leo S. Gill

DeLeon E. Stokes (Naval Reserve Officers' Training Corps) to be ensign in the Supply Corps in the Navy, in lieu of ensign in the Navy as previously nominated, subject to qualification therefor as provided by law.

Thomas W. Nelson, Jr. (Reserve Officers' Training Corps) to be second lieutenant in the Marine Corps, subject to qualification therefor as provided by law.

The following-named (Naval Reserve aviators) to be ensigns in the Navy, subject to qualification therefor as provided by law:

William W. Alexander	Forest "J" Merrill
Howell D. Averyt	Kenneth R. Miller
Fred M. Backman	Gayland J. Mischke
Millard C. Ball	Ernest M. Moore, Jr.
John A. Bates, Jr.	William A. Odman
Dale H. Berven	George T. Pappas
Walter H. Buckholts, Jr.	William S. Pennypacker
Henry L. Cassani	George L. Petherick
Elwin J. Clark	Harold L. Piper
Robert E. Combs	David B. Place
John Forbes, Jr.	Thomas R. Randall
Billy D. Franklin	George M. Rankin, Jr.
Harold R. Gates, Jr.	William H. Searfus
William H. Hagensick	Charles M. Shaw, Jr
Bernard E. Hartnett, Jr.	Jerome P. Skyrud
William J. Hickman	Richard E. Strockbine
Robert S. Hurst	Benjamin T. W. Sutherlin
Paul A. Johnson	Robert F. Thomas
William S. Kidd	John K. Verser
Walter C. Koehler, Jr.	Wallace H. Wertz
James McD. Leftwich	William R. Whorton

The following-named (civilian college graduates) to be second lieutenants in the Marine Corps, subject to qualification therefor as provided by law:

Gregory J. Delehanty
Franklin A. Hart, Jr.

Edward R. Nell (Reserve officer) to be lieutenant commander in the Medical Corps in the Navy, subject to qualification therefor as provided by law.

Donald M. Wilson (civilian) to be lieutenant (junior grade) in the Chaplain Corps in

the Navy, subject to qualification therefor as provided by law.

Harold N. Glasser (Reserve officer) to be lieutenant (junior grade) in the Dental Corps in the Navy, subject to qualification therefor as provided by law.

The following-named Reserve officers to be second lieutenants in the Marine Corps, subject to qualification therefor as provided by law:

Glen S. Aspinwall	Richard L. Martin
Ralph C. Carlisle, Jr.	Edwin O. Schwendt
Edward J. A. Castagna	Thomas S. Simms
Alphonse J. Castellana	Charles Solomon
Robert M. Cooper	Alfred F. Stein
Joseph F. Jones	Daniel E. Terrell, Jr.
Floyd J. Johnson, Jr.	William M. Thurber
Archibald C. Ledbetter	Charles J. Tyson III
Glenn A. MacDonald	Allen R. Walker
Robert E. MacDonald	Jerry H. Wright

IN THE MARINE CORPS

Lt. Gen. Gerald C. Thomas, to have the grade, rank, pay, and allowances of a lieutenant general while serving as commandant of the Marine Corps Schools, Quantico, Va.

Maj. Gen. Randolph McC. Pate, to have the grade, rank, pay, and allowances of a lieutenant general while serving as assistant to the Commandant of the Marine Corps.

Maj. Gen. Robert H. Pepper, to have the grade, rank, pay, and allowances of a lieutenant general while serving as commanding general, Fleet Marine Force, Pacific.

The following-named officers of the Marine Corps for permanent appointment to the grade indicated:

TO BE MAJOR GENERALS

Edwin A. Pollock	John C. McQueen
Randolph McC. Pate	George F. Good, Jr.
Clayton C. Jerome	

TO BE BRIGADIER GENERALS

William W. Davies	Robert E. Hogaboom
Reginald H. Ridgely, Jr.	Joseph C. Burger
	Verne J. McCaul
William G. Manley	Matthew C. Horner
Lenard B. Cresswell	Ion M. Bethel
Homer L. Litzenberg	

TO BE BRIGADIER GENERAL, SUBJECT TO QUALIFICATION THEREFOR AS PROVIDED BY LAW

Chester R. Allen

ADDITIONAL PERMANENT APPOINTMENTS IN THE MARINE CORPS

The nominations of Herbert R. Nusbaum and 1,246 other officers for appointment in the Marine Corps, which were confirmed today, were received by the Senate on May 6, 1954, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD of that date, under the caption "Nomination," beginning with the name of Herbert R. Nusbaum, which appears on page 6127, and ending with the name of Joyce M. Hamman shown on page 6130.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 28, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

God of all wisdom, whose beneficent sovereignty we cannot doubt and whose overtures of sacrificial love we cannot spurn, may we daily become increasingly aware of our need of Thy guiding spirit as we face our own personal problems and seek in some real and practical way to help mankind bear its heavy burdens and find the way to peace.

Grant that amid the strain and stress of life's hard and difficult experiences, when we are tempted to yield to defeatism and despair, may we have within our hearts the unshakable confidence that Thy divine providence is ever 'round about us.

May the presence and message of the ruler, whose small nation stood forth bravely as one of the calvaries of democracy, stir our hearts with compassion and with a yearning to lift smitten and afflicted humanity out of its miseries and struggles into the glorious liberty of the sons of God.

Hear us in the name of the Prince of Peace. Amen.

The Journal of the proceedings of Wednesday, May 26, 1954, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On May 21, 1954:

H. R. 2033. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon certain claims of the Columbia Basin Orchard, the Seattle Association of Credit Men, and the Perham Fruit Corp.;

H. R. 4735. An act for the relief of Lt. Col. Richard Orme Flinn, Jr.; and

H. R. 3832. An act for the relief of Mrs. Orinda Josephine Quigley.

On May 27, 1954:

H. R. 1167. An act for the relief of W. A. Sampsel;

H. R. 1433. An act to entitle enlisted men and warrant officers advanced to commissioned rank or grade who are restored to their former enlisted or warrant officer status pursuant to section 3 of the act of June 19, 1948 (62 Stat. 505), to receive retired enlisted or warrant officer pay from November 1, 1946, or date of advancement, to date of restoration to enlisted or warrant officer status;

H. R. 2274. An act to further amend the act of May 26, 1948, entitled "An act to establish Civil Air Patrol as a civilian auxiliary of the United States Air Force and to authorize the Secretary of the Air Force to extend aid to Civil Air Patrol in the fulfillment of its objectives, and for other purposes";

H. R. 2913. An act to direct the Secretary of the Interior to issue a patent for certain lands to Harold K. Butson;

H. R. 3349. An act for the relief of Mrs. Margarete Burdo;

H. R. 4475. An act for the relief of Curtis W. McPhail;

H. R. 4816. An act authorizing the Secretary of the Interior to issue to Robert Graham a patent in fee to certain lands in the State of Mississippi;

H. R. 4864. An act for the relief of Mrs. Hildegard Noel;

H. R. 5090. An act for the relief of Mrs. Magdalene Zarnovski Austin;

H. R. 5862. An act to authorize the Panama Canal Company to transfer the Canal Zone Corrosion Laboratory to the Department of the Navy;

H. R. 6563. An act for the relief of Zdzislaw (Jerzy) Jazwinski;

H. R. 6647. An act for the relief of Yoko Kagawa;

H. R. 6754. An act for the relief of Mrs. Hooey Shee Eng;

H. R. 7328. An act to promote the national defense by authorizing the construction of aeronautical-research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research;

H. R. 7329. An act to repeal section 1174 of the Revised Statutes, as amended, relating to the cooperation of medical officers with line officers in superintending cooking by enlisted men; and

H. R. 7452. An act for the relief of Therese Boehner Soisson.

On May 28, 1954:

H. R. 2696. An act to provide a method of paying certain unsettled claims for damages sustained as a result of the explosions at Port Chicago, Calif., on July 17, 1944, in the amounts found to be due by the Secretary of the Navy;

H. R. 3598. An act to consolidate the Parker Dam power project and the Davis Dam project;

H. R. 4135. An act for the relief of George Telegdy and Julia Peyer Telegdy;

H. R. 5961. An act for the relief of Marianne Schuster Dawes;

H. R. 6186. An act to authorize the Secretary of the Interior to grant a preference right to users of withdrawn public lands for grazing purposes when the lands are restored from the withdrawal;

H. R. 6870. An act to amend the act of February 13, 1900 (31 Stat. 28), by approving existing railway installations and authorizing further railway installations on the batture in front of the Public Health Service hospital property in New Orleans, La.;

H. R. 7057. An act to authorize the Secretaries of Agriculture and Interior to transfer, exchange, and dispose of land in the Eden project, Wyoming, and for other purposes; and

H. R. 7893. An act making appropriations for the Treasury and Post Office Departments, Export-Import Bank of Washington, and Reconstruction Finance Corporation for the fiscal year ending June 30, 1955, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 209. Concurrent resolution authorizing the printing of additional copies of parts 1 and 2 of the hearings held by the Committee on Government Operations during the 83d Congress, 1st session, relative to commercial- and industrial-type activities in the Federal Government;

H. Con. Res. 210. Concurrent resolution providing for 35,000 additional copies of the report entitled "Organized Communism in the United States";

H. Con. Res. 213. Concurrent resolution authorizing the printing of additional copies of the hearings held by the Committee on Interstate and Foreign Commerce relative to health problems;

H. Con. Res. 230. Concurrent resolution providing for 30,000 additional copies of the report entitled "Eighth Session of the General Assembly of the United Nations"; and

H. Con. Res. 234. Concurrent resolution to print as a House document the proceedings in the rotunda at the dedication of the frieze.

The message also announced that the Vice President had appointed the Senator from North Carolina, Mr. LENNON, to membership on the Commission on Intergovernmental Relations in place of Senator Hoey, deceased.

The message also announced that the Vice President has appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 54–14.

SPECIAL ORDER GRANTED

Mr. CLARDY asked and was given permission to address the House for 1 hour on Wednesday next, June 2, following the legislative program and any special orders heretofore entered.

COMMITTEE ON WAYS AND MEANS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on the bill H. R. 9366.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

INCORPORATION, REGULATION, MERGER, CONSOLIDATION, AND DISSOLUTION OF CERTAIN BUSINESS CORPORATIONS IN THE DISTRICT OF COLUMBIA

Mr. O'HARA of Minnesota. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 238.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 3704) to provide for the incorporation, regulation, merger, consolidation, and dissolution of certain business corporations in the District of Columbia, the Clerk of the House is authorized and directed to make the following correction:

In the second sentence of section 36 of the bill strike out "at which is quorum" and insert in lieu thereof "at which a quorum."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

CORRECTION OF RECORD

Mr. JOHNSON of Wisconsin. Mr. Speaker, my attention has been called to page 7129 of the RECORD for Wednesday, May 26, in which the gentleman from Wisconsin [Mr. LAIRD] had the RECORD corrected to show that the bill, H. R. 9267, was introduced at the request of the entire Wisconsin congressional delegation. I ask unanimous consent that the RECORD further show that this request, as I understood it, was not an endorsement of the proposed legislation by the balance of the members of the Wisconsin delegation, but that the gentleman from Wisconsin [Mr. LAIRD] introduced the bill so that those members of the delegation who had not read the bill could study the same and decide whether they would support the same or not. It is in no way an endorsement of the proposed legislation as far as I am concerned and at this time I am studying H. R. 9267 and am seeking the views of dairy leaders and others in my district who are also studying the same.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

INTERNATIONAL LABOR ORGANIZATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 407)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs, and ordered to be printed:

To the Congress of the United States:

In accordance with the obligations of the United States of America as a member of the International Labor Organization I transmit for the consideration of the Congress an authentic text of a convention (No. 102) concerning minimum standards of social security, adopted on June 28, 1952 by the International Labor Conference at its 35th session, held at Geneva from June 4 to June 28, 1952.

I transmit also the report of the Acting Secretary of State with regard to the convention, together with a copy of a letter from the Secretary of Labor to the Secretary of State, setting forth the coordinated view of the interested departments and agencies of the Executive branch of the Government with respect to the Convention.

Since, under the constitutional system of the United States, the subject matter of the convention is appropriate in part for action by the States and in part for action by the Federal Government the convention is regarded, in accordance with article 19, paragraph 7 (b), of the constitution of the International Labor Organization, as not suitable for ratification but rather for referral to the appropriate Federal and State authorities for their consideration.

I am sending texts of the convention to the Secretary of the Interior in order that they may be transmitted to the Governments of Alaska, Guam, Hawaii, and the Virgin Islands for such action as may be deemed suitable. I am also transmitting the convention to the Secretary of the Interior for appropriate action and advice with regard to American Samoa, and to the Secretary of the Interior and the Secretary of the Navy for appropriate action and advice with regard to those areas of the Trust Territory of the Pacific Islands under their respective jurisdictions.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *May 28, 1954.*

(Enclosures: 1. Authentic text of Convention No. 102. 2. Report of the Acting Secretary of State. 3. Letter from the Secretary of Labor (copy).)

INTERNATIONAL LABOR ORGANIZATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 406)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs, and ordered to be printed:

To the Congress of the United States:

In accordance with the obligations of the United States of America as a member of the International Labor Organization I transmit herewith authentic texts of a recommendation (No. 91) concerning collective agreements and a recommendation (No. 92) concerning voluntary conciliation and arbitration, both of which were adopted on June 29, 1951, by the International Labor Conference at its 34th session, held at Geneva from June 6 to June 29, 1951.

I transmit also the report of the Acting Secretary of State with regard to the two recommendations, together with a copy of a letter from the Secretary of Labor to the Secretary of State setting forth the coordinated view of the interested departments and agencies of the executive branch of the Government with respect to the recommendations. I particularly invite the attention of the Congress to the recommendation of those departments and agencies that no legislative action be taken, for the reasons set forth in the above-mentioned letter of the Secretary of Labor.

For action and advice with respect to American Samoa and the Trust Territory of the Pacific Islands (excluding the northern Mariana Islands with the exception of Rota), and for transmission to the governments of Alaska, Guam, Hawaii, and the Virgin Islands in order that those governments may give consideration to the enactment of legislation or other action, I am sending texts of the recommendations to the Secretary of the Interior. Also, I am transmitting the texts of the recommendations to the Secretary of the Navy for such action and advice as may be suitable with respect to that portion of the trust territory which includes the northern Mariana Islands except Rota.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *May 28, 1954.*

(Enclosures: 1. Authentic text of Recommendation No. 91. 2. Authentic text of Recommendation No. 92. 3. Report of the Acting Secretary of State. 4. Letter from the Secretary of Labor (copy).)

RECESS

The SPEAKER. The Chair declares the House in recess, subject to the call of the Chair.

Accordingly (at 12 o'clock and 11 minutes p. m.) the House stood in recess subject to the call of the Chair.

JOINT MEETING OF THE TWO HOUSES OF CONGRESS TO HEAR AN ADDRESS BY HIS IMPERIAL MAJESTY, HAILE SELASSIE I, EMPEROR OF ETHIOPIA

The SPEAKER of the House of Representatives presided.

At 12 o'clock and 20 minutes p. m. the Doorkeeper announced the Vice President and Members of the United States Senate, who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. On the part of the House the Chair appoints as members of the committee to escort His Imperial Majesty, Haile Selassie I, Emperor of Ethiopia, into the Chamber the gentleman from Illinois, Mr. ALLEN; the gentleman from Texas, Mr. RAYBURN; the gentleman from Illinois, Mr. CHIPERFIELD; and the gentleman from Illinois, Mr. GORDON.

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the committee of escort the Senator from California, Mr. KNOWLAND; the Senator from Kentucky, Mr. CLEMENTS; the Senator from Wisconsin, Mr. WILEY; and the Senator from Rhode Island, Mr. GREEN.

The Doorkeeper announced the following guests, who entered the Hall of the House of Representatives and took the seats reserved for them:

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

The Chief Justice and Associate Justices of the United States Supreme Court.

The members of the President's Cabinet.

At 12 o'clock and 30 minutes p. m. the Doorkeeper announced His Imperial Majesty, Haile Selassie I, Emperor of Ethiopia.

His Imperial Majesty, Haile Selassie I, Emperor of Ethiopia, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of the Congress, it is my great pleasure and distinguished honor to present to you the Emperor of a great and ancient people, and the stalwart friend of the United States, His Imperial Majesty, Haile Selassie I, Emperor of Ethiopia. [Applause, the Members rising.]

ADDRESS OF HIS IMPERIAL MAJESTY, HAILE SELASSIE I, EMPEROR OF ETHIOPIA

His Imperial Majesty, HAILE SELASSIE I, Emperor of Ethiopia. Mr. Speaker, Mr. President, honorable Members of Congress, I count it a privilege to address what is one of the greatest parliaments in the world today—where the forces that make great one of the most powerful of nations have been and are being brought to bear and where issues of worldwide importance have been decided.

The extent of that power and influence and the rapidity with which you have reached such a summit of importance for the rest of the world are unparalleled in world history and beggar all conceivable comparisons. Two hundred years ago today, as I am speaking, Gen. George Washington won the battle of Fort Necessity, a victory which was but a step in the gradual forging together of the United States. What a phenomenal progress has been made in that interval of 200 years, an interval which—you may pardon me as representative of one of the most ancient nations in the world—is surely but a surprisingly short passage of time.

So great are your power and wealth that the budget of a single American city often equals that of an entire nation.

As in the case of other countries, you gave us lend-lease assistance during the war and, at present, both mutual security and technical assistance. Yet, so vast are your power and resources that even after deducting all expenses of the Federal Government, you have met the costs of this assistance in one quarter of an hour—15 minutes—of your annual production.

Of what interest is it to you then, you may well ask, that I, the head of what must be for you a small and remote country, should appear before you in the midst of your deliberations? I do not take it upon myself to point out why Ethiopia is important to the United States—that you can best judge for yourselves, but, rather, to explain to you with brevity, the circumstances which make Ethiopia a significant factor in world politics. Since so much of world politics is, today, influenced by the decisions which you, Members of Congress, reach, here in these halls, it is, perhaps, not unimportant that I set out these considerations for you.

A moment ago, I remarked that, for you, Ethiopia must appear to be a small and remote country. Of course, both of these terms are purely relative. In fact, so far as size is concerned, Ethiopia has exactly the area and population of your entire Pacific far west consisting of the States of California, Oregon, Washington, and also Idaho. We are remote, perhaps, only in the sense that we enjoy a secure position on the high plateau of East Africa protected by the Red Sea and our mountain fastnesses. However, by the numerous airlines that link us with the rest of the world, it is possible to arrive in Washington from Addis Ababa in less than 2 days.

By one of those strange parallels of history, Ethiopia and a certain well-known country of the Far East who both enjoy highly defensible and strategic positions in their respective areas of the world, both for similar reasons, simultaneously, at the beginning of the 17th century, entered upon a 200-year period of isolation. As in the case of the other country, that isolation came to an end in the latter half of the 19th century, with this difference that, upon abandoning her policy of isolation, Ethiopia was immediately called upon to defend against tremendous odds her thousand-year-old independence. Indeed, so bitter has been this struggle against foreign aggrandizement that were it not for our persistence and for the enormous social, economic, and material advances that Ethiopia has made in the interval, and particularly since the close of the last war, Ethiopia might very well have returned to her policy of isolation.

In consequence, in many respects, and particularly since the last World War, Ethiopia has become a new frontier of widely expanding opportunities, notwithstanding the tremendous setback which we suffered in the unprovoked invasion of our country 19 years ago and the long years of unaided struggle against an infinitely stronger enemy. The last 7 years have seen the quadrupling of our foreign trade, currency, and foreign exchange holdings. Holdings of American dollars have increased 10 times over. The Ethiopian dollar has become the only United States dollar-based currency in the Middle East today. The assets of our national bank of issue have increased 1,000 percent. Blessed with what is perhaps the most fertile soil in Africa, well-watered, and with a wide variety of climates ranging from the temperate on the plateau, to the tropical in the valleys, Ethiopia can grow throughout the year crops normally raised only in widely separated areas of the earth's surface. Since the war, Ethiopia has become the granary of the Middle East, as well as the only exporter of meat, cereals, and vegetables. Whereas at the end of the war, every educational facility had been destroyed, today, schools are springing up throughout the land, the enrollment has quadrupled and, as in the pioneer days in the United States, and indeed, I presume, as in the lives of many of the distinguished Members of Congress here present, schoolchildren, in their zeal for education, take all sorts of work in order to earn money to purchase textbooks and to pursue their education.

Finally, through the return in 1952 of its historic ports on the Red Sea and of the long-lost territory of Eritrea, Ethiopia has not only regained access to the sea, but has been one of the few states in the postwar world to have regained lost territory pursuant to postwar treaties and in application of peaceful methods.

We have thus become a land of expanding opportunities where the American pioneering spirit, ingenuity and technical abilities have been and will continue to be welcomed.

A thousand year old history of struggles to defend the territorial integrity of our country, the long fight for liberation two decades ago and the recent campaign in Korea have given our army an esprit de corps and a fighting spirit that, I believe, can stand, without misgiving, for comparison. Today, our fighting forces are among the largest and best trained in the Middle East.

The struggle for liberation served to strengthen the forces of national consciousness and unity and since that time we have made significant advances in social progress. Unlike many other countries, Ethiopia has long been a nation of small, rather than of large, landowners. Moreover, a profoundly democratic tradition has assured in the past, as it assures today, the rise to the high-

est posts of responsibility in the Government, of men of the humblest of origins.

It is but natural, therefore, that a state which has existed for 3,000 years. which has regained its independence by the blood of its patriots, which commands the allegiance and loyalty of even its most lowly subjects, and which enjoys an unusually sound economy, should have a regime of marked stability on that area of the world were stability is so frequently absent today.

Such is the state of Ethiopia today about which I am speaking. It is against this background that I wish to talk to you of Ethiopia as a factor in world politics. Her geographic location is of great significance, with her long shoreline and its archipelago of hundreds of islands. Ethiopia occupies a unique position on the most constricted but important of strategic lines of communications in the world, that which passes through the Red Sea. She also lies on the other most strategic line of communication in the world, namely, the world band of telecommunications which, because of natural phenomena, circles the world at the Equator.

However, in yet a perhaps broader sense is Ethiopia's geographical position of significance. Through her location on the shores of the Red Sea and in the horn of East Africa, Ethiopia has profound historical ties with the rest of the Middle East as well as with Africa. In this respect she stands in a completely unique position. Her culture and social structure were founded in the mingling of her original culture and civilization with the Hamitic and Semitic migrations into Africa from the Arabian Peninsula, and, in fact, today, our language, Amharic, is a member of that large family of Hamitic and Semitic tongues and, therefore, intimately related to Hebrew and Arabic. Indeed, at one time Ethiopia extended to both sides of the Red Sea as well as north to upper Egypt. It was, therefore, not without reason that, during the Middle Ages the Emperor was known as "he who maintains order between the Christians and the Moslems." A profound comprehension of and sympathy with the other states of the Middle East naturally inspires Ethiopian national policies.

On the other hand, 3,000 years of history make of Ethiopia a profoundly African state in all that term implies. In the United Nations, she has been to the forefront in the defense of Africa's racial, economic, and social interests.

Finally, both culturally and geographically, Ethiopia serves to a unique degree as the link between the Middle East and Africa. Situated in the horn of Africa, and along the shores of the Red Sea, with the desert area of Africa to the north and west, it is but natural that Ethiopia should be the filter through which the ideas and influences of the Continent of Africa should pass to the East and vice versa.

Thus, our social and political outlook and orientation became important not only in terms of Middle Eastern and African but also, in terms of world politics—and this leads me to point to a factor which I consider to be of unique significance. We have a profound orientation toward the West. One consideration alone, although there are others, would suffice to explain this result. The two Americas and the continent of Europe together constitute exactly one-third of the land masses of the world. It is in this one-third that are concentrated the peoples of the Christian faith. With but rare exceptions Christianity does not extend beyond the confines of the Mediterranean. Here, I find it significant that, in point of fact, in this remaining two-thirds of the earth's surface, Ethiopia is the state having the largest Christian population and is by far the largest Christian state in the Middle East. In fact, Ethiopia is unique among the nations of the world in that it is, today, the one remaining Christian state than can trace her history unbroken as a Christian polity from the days when the Roman Empire itself was still a vigorous reality.

The strength of the Christian tradition has been of vital significance in our national history, and as a force for the unification of the Empire of Ethiopia. It is this force which gives us, among the other countries of the Middle East, a profound orientation toward the West. We read the same Bible. We speak a common spiritual language.

It is this heritage of ideals and principles that has excluded from our conscious, indeed, from our unconscious processes, the possibility of compromising with those principles which we hold sacred. We have sought to remain faithful to the principle of respect for the rights of others, and the right of each people to an independent existence. We, like you, are profoundly opposed to the un-Christian use of force and are, as you, attached to a concept of the pacific settlement of disputes. Our lone struggle before the outbreak of the last world catastrophe as, indeed, our recent participation in the combined efforts and the glorious comradeship in arms in Korea have marked us, like you, in giving more than lipservice to these ideals. It is your deep comprehension of our ideals and struggles in which it has been my privilege to lead, at times not without heartbreak, my beloved people, and our common comradeship in arms that have laid a very sure and lasting basis for friendship between a great and a small country.

Last year, we concluded with you a new treaty of friendship, commerce, and navigation designed to assure to American business enterprise expanded opportunities in Ethiopia. Our dollar-based currency is also there to assure the ready return to the United States of the profits of their investments. We have entrusted to American enterprise the development of our civil aviation which has surpassed all expectations. To American enterprise we have confided the exploitation of our oil resources as well as of our gold deposits. Although my country is 8,000 miles removed from the eastern seaboard of the United States, United States exports to Ethiopia have, notwithstanding this heavy handicap, pushed forward to the forefront in Ethiopia.

Conversely, the United States stands in first rank of countries to whom we export. Ethiopia which has, from the Province of Kaffa, given the world the name and product of coffee, produces on her high plateau one of the finest mocha coffees in the world. The coffee which you drink attains its unique and pleasant American flavor in part, at least, through the added mixture of Ethiopian coffee. American shoes are made, in part at least, from Ethiopian goatskins which are principally exported to the United States.

On the other hand, you have given us valuable support, not only in lend-lease assistance during the war, and today through mutual-security and technical-assistants agreements, but you have also powerfully aided us in obtaining rectification of long-standing injustices. If, today, the brothers of Ethiopia stand finally united under the Crown and if Ethiopia has regained her shoreline on the Red Sea, it has been due, in no small measure to the contribution of the United States of America. I am happy to take this occasion to express to you, the Congress, which has approved this assistance, the sincere and lasting appreciation of my people.

This collaboration with the West and with the United States in particular has taken yet broader forms. There is our military collaboration based on the mutual-security program. If we leave aside Greece and Turkey as belonging to the North Atlantic group, Ethiopia has been the only state of the Middle East to follow the example of the United States in sending forces to Korea for the defense of collective security.

In so doing, Ethiopia has been inspired by a vision which is broader than her preoccupation with regional policies or advantages. Nearly two decades ago, I personally assumed before history the responsibility of placing the fate of my beloved people on the issue of collective security, for surely, at that time and for the first time in world history, that issue was posed in all its clarity. My searchings of conscience convinced me of the rightness of my course and if, after untold sufferings and, indeed, unaided resistance at the time of aggression, we now see the final vindication of that principle in our joint action in Korea, I can only be thankful that God gave me strength to persist in our faith until the moment of its recent glorious vindication.

We do not view this principle as an extenuation for failing to defend one's homeland to the last drop of one's blood, and, indeed, our own struggle during the last two decades bear testimony to our conviction that in matters of collective security as of Providence, "God helps him who helps himself." However, we feel that nowhere can the call for aid against aggression be refused by any state, large or small. It is either a universal principle or it is no principle at all. It cannot admit of regional application or be of regional responsibility. That is why we, like you, have sent troops halfway around the world to Korea. We must face that responsibility for its application wherever it may arise in these troubled hours of world history. Faithful to her traditions and outlook and to the sacred memory of her patriots who fell in Ethiopia and in Korea in defense

of that principle, Ethiopia cannot do otherwise.

The world has ceaselessly sought for and striven to apply some system for assuring the peace of the world. Many solutions have been proposed and many have failed. Today the system which we have advocated and with which the name of Ethiopia is inseparably associated has, after her sacrifices of two decades ago, and her recent sacrifices with the United States and others in Korea, finally demonstrated its worth. However, no system, not even that of collective security, can succeed unless there is not only a firm determination to apply it universally both in space and time, but also whatever be the cost. Having successfully applied the system of collective security in Korea, we must now, wherever in the world the peace is threatened, pursue its application more resolutely than ever and with courageous acceptance of its burdens. We have the sacred duty to our children to spare them the sacrifices which we have known. I call upon the world for determination fearlessly to apply and to accept—as you and as we have accepted them—the sacrifices of collective security.

It is here that our common Christian heritage unites two peoples across the globe in a community of ideals and endeavor. Ethiopia seeks only to affirm and broaden that cooperation between peace-loving nations. [Applause, the Members rising.]

(After reading the first two paragraphs in English, Emperor Haile Selassie said: "Gentlemen, I deeply admire your rich and wonderful language. I would like to continue speaking in English. To do so, however, would take too much of your time and I could not open my heart to you as I can in my own tongue. So with your permission I will continue in Amharic. You can follow my remarks in the English text, copies of which have been distributed to you."

(Emperor Haile Selassie delivered the rest of his address in the Amharic language.)

At 1 o'clock and 7 minutes p. m., His Imperial Majesty, the Emperor of Ethiopia, accompanied by the committee of escort, retired from the Chamber.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The Chief Justice and the Associate Justices of the Supreme Court.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

JOINT MEETING DISSOLVED

The SPEAKER. The purposes of the joint meeting having been accomplished, the Chair declares the joint meeting of the two Houses now dissolved.

Thereupon (at 1 o'clock and 9 minutes p. m.) the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 1 o'clock and 10 minutes p. m.

PROCEEDINGS DURING THE RECESS

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SPECIAL ORDER GRANTED

Mr. MILLER of Kansas asked and was given permission to address the House for 30 minutes on Tuesday, June 1, after the completion of the legislative business of the day and any special orders heretofore entered.

FAIR-TRADE PRACTICES

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, on Wednesday, May 26, I introduced a bill, H. R. 9354, which is as follows:

Be it enacted, etc., That Public Law 212, 63d Congress, following section 3, be amended by adding the following subsections:

"SEC. 3. (a) It shall be deemed an unfair trade practice and against the public interest for any person engaged in commerce in connection with the granting of any franchise or distribution right to demand any contract with any retail dealer requiring such dealer to accept goods, wares, merchandise, machinery, supplies, or other commodities not ordered by such retail dealer.

"(b) The withdrawal by any person engaged in commerce of any franchise or distribution rights of any retail dealer because of failure to order or failure to accept without order any goods, wares, machinery, supplies, or other commodities in excess of need as determined by such retail dealer shall be unlawful."

This bill speaks for itself, but I would like to discuss the basis on which I have offered such measure.

In recent months I have noticed that most of the larger automobile companies have made many statements to the effect that 1953 was one of the greatest years automobile manufacturers have had. The total number of cars produced has been stressed in such articles. At the time these releases were made to the press, several months into 1954, I learned that on River Road in this area there were in storage more than 300 new 1953 models of one of the more popular makes of cars. At the same time there were approximately 170 new 1953 model cars in storage in sight of the Capitol, the product of another major manufacturer of automobiles which also makes many other appliances and equipment. As late as March 25 of this year the local dealers carried in Washington papers advertisement of 132 brand new 1953 models of still another popular make of automobile at a discount of $720 to $1,980 below list price. These occurrences all happened well into the year 1954 and at a time when these statements were being made to the press by the manufacturers.

I do not know why local retailers had that carryover of new cars. It may be that the local distributors or retail dealers bought the cars at a discount and were pleased with the situation, but it did call to my mind the situation which existed in the 1930's. Not that the present situation is too bad, but I do believe there is enough evidence at present to warrant the Congress to act to prevent what happened in the late 1920's and early thirties.

At that time several of the larger manufacturers of automobiles, when times began to get tight, insisted that their local retail dealers order automobiles many, many months in advance and take many more cars than they wished or needed, or could sell profitably. These advance orders had to include extra heavy units of automobiles, for which there was no market in my area.

One of the major manufacturers of cars broke every one of his dealers, of whom I knew, in my State in that period by loading on such dealers automobiles which the dealer could not sell at reasonable terms; and all the assets of such dealers were pulled into the manufacturing company in Michigan and the retail dealers went into bankruptcy. The manufacturer remained strong financially.

Later I had an opportunity to study the dealer contracts. Under the terms of the contracts, as I recall, the dealer was given a franchise to sell the manufacturers products in a particular area. But this does not mean an exclusive franchise to sell. The manufacturer only contracted to deliver to no one except the dealer with the franchise in that area. That one little right was all that kept such contract from being unilateral. Otherwise the contract was one-sided in favor of the manufacturer. As I recall, the company did not guarantee to deliver a single unit, but the dealer had to agree to accept units and to order as much as a year in advance, all for the protection of the manufacturer.

At a time when extra large automobiles had no market at all in my region, dealers had to take heavy units of such automobiles in order to get any cars at all. This had disastrous effects and as I say, in the case of one major make of car, it broke all retail dealers in Mississippi of whom I knew. That situation prevailed generally over the country. It is my understanding such contracts have not been changed in any substantial way since that time.

Since I have been in the Congress I have had occasion to try to help dealers in my district, who were the local distributors for one of the major farm machinery lines, to hold their franchise which the company threatened to cancel. While it was not admitted, from a study of the facts it was apparent that the franchises were being canceled, primarily, because such dealers would not go in debt to put up a prototye or ex-

pensive building in a new location as insisted upon by the manufacturer. Doubtless the same situation has existed in various other lines.

Mr. Speaker, I know that no major company sets out to ruin the retailers of its product but, judging by the past, should conditions get tight to the point where it becomes a question as to who is going to be pressed financially, under the type of dealer contract which most local distributors have the man placed in financial straits first is going to be the retail dealer or distributor; and this will be brought about by the manufacturer under present contracts. The dealer's franchise is his means of making a living and under pressure from the manufacturer he will order well in advance even though he is not guaranteed the delivery of a single unit. Then with hope that his condition will improve he will yield to pressure to order well in advance, even when there is no market for such product in his area.

Judging by the past he will accept large units, with little or no markets, in order to get what he thinks he can sell. All of this is a part of a package delivery demanded by the manufacturer.

The illustrations I have used to point out the need for congressional action are the ones I know about. In recent months other complaints at practices in the automotive industry have been pointed up in House Joint Resolution 484 by Congressman CRUMPACKER. Also, as early as 1939, the Federal Trade Commission, in House Document No. 468, 76th Congress, 1st session, after exhaustive hearings made the following recommendations:

> It is recommended that present unfair practices be abated to the end that dealers have (a) less restriction upon the management of their own enterprises; (b) quota requirements and shipments of cars based upon mutual agreement; (c) equitable liquidation in the event of contract termination by the manufacturer; (d) contracts definite as to the mutual rights and obligations of the manufacturers and the dealers, including specific provision that the contract will be continued for a definite term unless terminated by breach of reasonable conditions recited therein.

In conclusion, Mr. Speaker, may I point out that by section 4 of Public Law 212 of the 63d Congress, which my bill would amend, any individual who may be injured or threatened with injury by actions which I would make against the public interest, is authorized to go into the Federal court and obtain an injunction to prevent the action from being taken.

Several States have tried to meet this problem in recent years, notably Rhode Island, where manufacturers must qualify with a State agency to do business in the State and the State can then cancel the right of such manufacturer to do business in the State if they do the things prohibited under my bill.

I called this statute to the attention of friends in the legislature of my State of Mississippi. In recent weeks the State legislature has passed such a measure. That is one way to meet the issue, of course. However, I hope this Congress will act on a national basis. Now is the time, in advance of trouble.

The bill which I have introduced is not unfair, and it will give some degree of protection to retail dealers and distributors. It will let those in an industry somewhat ride together as against the manufacturer being able to squeeze every dollar out of the distributor so as to maintain the home company in a strong financial condition. I hope the committee will see fit to have early hearings on this measure and that the Congress will pass it.

MEMORIAL DAY

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, Sunday, May 30, is a day on which all of us might well pause momentarily from the hurry and rush of daily existence in a spirit of contemplation and reverence. It is a day on which Americans, of every extraction and religious persuasion, honor their dear, gallant dead. It is Memorial Day.

Memorial Day, or Decoration Day, as it is sometimes known, was first officially celebrated as a national holiday on May 30, 1868, at the order of the Commander in Chief of the Grand Army of the Republic. It was meant to honor the memory of soldiers killed in the War Between the States. The number of those so honored has swelled through the years; the day now serves as an official remembrance of all American soldiers who have given their lives in battle, here and in foreign duty.

In this year of 1954, Memorial Day comes to us with an enlarged significance. Not in the memory of man or of history has the human race faced such difficulty or crisis. Never before have problems seemed so grave, nor their solution so apparently impossible. Brother set against brother, nation against nation, the field of conflict daily widens. The minions of tyranny and oppression appear to gain ground by the hour in their mad race to overwhelm, by lies and trickery, what they have failed to subjugate by force and arms. Never in the annals of civilization have freemen faced such a cunning and resourceful foe. As never before must we rededicate our lives and ourselves to the first principles upon which our great Nation was founded.

This is an occasion on which we honor our sons who have given their most priceless possession—their lives—in defense of what they most sought to preserve—an America, free. We honor, as best a grateful nation can, their gold-star mothers, whose strength and example these sons so heroically emulated.

But in the hearts of true Americans on Memorial Day, as on every day, the memory of these sons lingers on—in the happy laughter of a tiny child as he fashions castles of stone in his box of sand—in the excited murmur of proud parents at high-school graduation time—in the haunting concerto of a robin as he chirps beneath the window of a Kansas farmhouse on a chilly spring morning—in everything that is clean and decent and honorable; in everything that is American.

No one needed to explain to these boys the meaning of love, fidelity, patriotism. They knew. As if through a mist we see them pass before our eyes in uncounted legions, sighing, whispering, crying, "Remember." "Remember Chancellorsville, Gettysburg, Belleau Woods, Anzio, Normandy, Tarawa, Heartbreak Ridge."

"Remember us; remember what we did. And yet we can help you no more."

"Remember you are freedom's last outpost."

America has always prided herself in that in times of anguish and distress she can call forth from within her limitless borders the strength to meet the moment, the men to meet the hour.

And yet, since our country's founding, when has the need been greater than now? When have the words of men and the treaties of nations meant less? When has the doctrine of the fatherhood of God and the brotherhood of man met with greater rebuke?

Truly might we pray, as did a poet of another year:

> God give us men. A time like this demands
> Strong minds, great hearts, true faith, and ready hands,
> Men whom the lust of office does not kill,
> Men whom the spoils of office cannot buy,
> Men who possess opinions and a will,
> Men who have honor, men who will not lie.

Such men as these come once in a blue moon. America has urgent need for them. And find them she must.

Let our minds stray once again, on this Memorial Day, to the rows of crosses, immaculately white, which line, with unspeakable eloquence, the national cemeteries of our land and the far corners of the earth—the final repose of gallant sons.

Shall it be true, as Thomas Jefferson said, that—

> The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants.

On this day will the peoples of the world take to their breast the lesson that history has tried time and again to teach, that men were created to live as brothers, and as little children to love one another?

Will we Americans, on Memorial Day, in the presence of these hallowed dead, arouse ourselves from the slumber into which we have fallen?

We will, on this Memorial Day, I am sure, take to heart afresh the example of these gallant dead, so that come what may in time to come, "They shall not have died in vain."

REOPENING TRADE WITH COMMUNIST CHINA

Mr. JUDD. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JUDD. Mr. Speaker, because of the sharp differences of opinion that exist in our country and among our allies on the whole question of east-west trade, including that of expanding or, in our case, resuming trade with Communist China, I undertook recently to examine this subject in some detail. What are the possibilities? The difficulties? The advantages and disadvantages? I should like to report here some of my findings and the convictions based on them. Much of what I say was included in an address given at the World Trade Luncheon at the Waldorf-Astoria in New York City on May 19, 1954, under the title "The Significance for Foreign Trade of Communist Conquests in Asia."

Mr. Speaker, it may seem almost irrelevant to talk about the problems and prospects of foreign trade in a world whose most obvious charactertistic is insecurity and uncertainty. For example, in Asia the immediate question that absorbs our attention just now is, What is to happen in Indochina next week or next month?

But is it not more important to consider how to keep the free countries free so that we can expand or at least maintain the trade we have with them, rather than to speculate about possible expansion of trade with countries already conquered by the Communists?

Why has not the West had the will and the unity necessary to prevent these Communist conquests? One reason, I believe, is because we have failed to appreciate what our predicament is likely to be if we allow further expansion of Communist areas.

The report on east-west trade released recently by the Foreign Operations Administration covers far more adequately than I could the facts and trends to be found in this trade. So I want to discuss not so much the figures of trade, but rather the philosophy of trade with those parts of the world which have come under Communist control or are threatened by it.

I

Let us begin by consulting that hard-headed student of political and economic world movements—Josef Stalin. During the last year of his life, 1952, he issued three major public statements. All dealt with various phases of what he called "the deepening general crisis of the world capitalist system." All the steps taken by his successors in the Kremlin, which some people have hopefully regarded as deviations from Stalin's policies, are in reality faithful execution of the tactical line he laid down.

Stalin said that the crisis for capitalism had been caused by the "falling away of the Soviet Union from the capitalist system" in World War I—and the falling away of the "European and Asian people's democracies" during and following World War II. He then posed the question, "Is the general crisis only a political, or only an economic crisis?" This is his answer:

> Neither the one, nor the other. It is a general, i. e., all-round crisis of the world capitalist system, embracing both the economic and the political spheres * * *.
>
> The economic consequence of the existence of two opposite camps [the camp of socialism and the camp of capitalism] was that the single all-embracing world market disintegrated, so that now we have two parallel world markets, confronting one another.
>
> * * * * *
>
> It follows from this that the sphere of exploitation of the world's resources by the major capitalist countries (USA, Britain, and France) will not expand, but contract; that their opportunities for sales in the world market will deteriorate, and that their industries will be operating more and more below capacity.

From this he drew the conclusion that a deepening depression in the "capitalist" world is certain, and that "wars between capitalistic countries" are inevitable as each struggles to gain a larger share of the remaining shrunken world market.

Now no one can deny that the Communist world has been steadily gaining in Asia during the last decade while the western powers seem at times to be pulling apart. It would be foolhardy indeed to ignore the possibility that history might prove Stalin correct—if we were to be as shortsighted as he assumed, and were to concentrate on building up trade with our enemies instead of with our friends.

What we need as we examine this question of trade with Communist countries is not so much a New Look as a Long Look. Otherwise, the industrialized countries of the West may fall for the tempting trade bait the Communists hold out—for the present. They may grab for hoped-for short-term gains, even though the Communists themselves have made clear on countless occasions that their unwavering purposes are:

First, to get military and industrial equipment and supplies which they cannot yet obtain within the Communist bloc—not in order that they can trade more with us, but so that they can become self-sufficient and not need to trade with us at all;

Second, to induce countries to become more and more dependent upon trade with the Soviet bloc, and therefore at its mercy;

Third, to take advantage of a favorable price situation which they cannot match even by exploitation of their satellites;

Fourth, to divide the capitalistic powers;

Fifth, to weaken and eventually to conquer all non-Communist countries.

II

The possibility of expanding trade with the Soviet bloc is especially alluring just now, as Stalin predicted it would be, because the free-world market has been contracted by Communist conquests at the very time when our own productive capacity is most expanded. During World War II we built up a productive capacity in excess of what we at home could consume in peacetime, or at least more than we could pay for. As soon after the war as we began to catch up with pent-up civilian needs, our shipments abroad under the Marshall plan and for the Korean war caused still further expansion of our agricultural and industrial plant.

Now we must either reduce our plant to the level of existing markets, which would mean putting men and women out of work at the time soldiers are being demobilized and we need more, not fewer jobs; or, we must find new markets for our expanded productive capacity. There are only two places to develop such new markets—at home and abroad.

Expansion at home has been phenomenal. But with all the domestic expansion conceivable, the American market alone simply cannot be enough to keep the American farmer and manufacturer and laborer at full employment. We must, therefore, lay long-range plans to increase our markets abroad.

But, at the same time, other countries, particularly in Western Europe, whose industrial plants we have so largely rebuilt under Marshall plan aid are catching up with their domestic demands. They also need larger foreign markets to keep their plants and workers busy.

Where is the greatest undeveloped potential for such expanded foreign trade? The obvious answer would seem to be Asia, where half the people of the world live. They are just beginning their industrial revolution. They are just learning to use machines to increase their production, raise their standard of living, and increase their purchasing power. They need and want what the industrialized countries have to offer them, especially technical assistance and engineering, industrial machinery, thousands of miles of trunk railways and highways, automobiles, trucks, and buses. The list is endless.

The unchanging objective of the Communists—as was Japan's before them—is to seize control of these Asian peoples, under the slogan of "liberation," reduce their standards of living to subsistences levels, and build a vast industrial complex, based on captured raw materials, western machinery (as much as possible from their European satellites like Czechoslovakia and East Germany) and slave labor. If successful, they could flood the world's markets with commodities at costs below those at which the West can produce them. Such an enslaved Orient would be an almost unbeatable competitor.

On the other hand, a free Orient can become a huge market. People who are free and at peace want most of all to raise their own standards of living. They turn their industry to producing consumer goods for themselves—food and clothing and housing first, and gradually, as their purchasing power increases, automobiles, radios, refrigerators, and so forth. America has an enormous stake in helping these peoples remain free and in helping them develop an enlarging, expanding economy, with new industries, more jobs, higher wages, greater purchasing power, more sales, and then more industries to start the cycle over again.

III

But to develop such a favorable trade situation, certain minimum conditions must be fulfilled:

First, the economies must complement each other, directly or through multilateral trade. Each country must have either money or goods that others want. If it were free, Asia's economy, almost in toto, would complement, rather than compete with ours. Its people produce a great many commodities which we need and with which they can pay for the items they want from the West. If this were the only condition, the trade prospects would be good.

But a second condition is political security and stability. One cannot enter into a contract with a firm in a foreign land, or even with its government, unless there is reasonable certainty that goods can go and come, that media of exchange will be stable and convertible, that war or revolution will not be breaking out, and that commercial relations will not be interrupted by the other government, no matter how economically profitable, as a means of furthering its political objectives.

In a time of political insecurity or danger of war, no prudent nation can permit itself to become too dependent on foreign sources for essential commodities from which it might be cut off.

The prospect in the Far East for satisfying this condition of political security and stability is close to zero.

Mr. Stalin said:

> The mightiest ally of the Soviet Union is to have strife, conflicts, and wars in every other country.

Communist tactics in stirring up strife and conflicts in other countries are completely fluid and subject to reversal without notice. But from the standpoint of the Long Look they are ruthlessly consistent. When winning, as at Dien Bien Phu, the Communists press mercilessly; when losing, as in Korea, they assume the posture of peace, propose truce talks, and dangle the promise of unlimited trade. Then as soon as they have succeeded in dividing, disarming, or buying off their opponents, the terms of trade become impossibly difficult again.

What hope is there of substantial long-range trade under such circumstances? It must be almost on a hit-and-run basis. Furthermore, the larger the trade becomes, the more dangerous is the position of the nation that relies on it. It puts itself more and more at the mercy of the enemy.

A third minimum condition might be called mutuality—a common philosophy with respect to trade. All parties must accept and abide by the same set of rules.

The British have been characterized as a nation of shopkeepers. In a real sense that is a fair description of the Western World—and of most of the free world. It is reflected in a broad pattern of economic philosophy and conduct. The laws and courts protect the trader under accepted codes of commerce.

Against this philosophy is pitted the power of Communist state organizations and national monopolies that have as their single objective the strengthening of the state. The businessman from the West can seldom match their bargaining power which is used without scruples to obtain advantage for the state.

Our objectives in free world trade are to improve the lot of our people; to better relations between the countries involved; to promote peace and prosperity in the world; and in the process earn a profit much of which becomes capital for further expansion of production and trade with resulting further improvement of living standards.

But none of these is an objective of a Communist regime, nor can it be. They cannot trade under the accepted rules of the free world without ceasing to be Communist. They cannot cease to be Communist without their whole movement collapsing.

Communists of necessity must carry on trade, not for commercial reasons as do we, but for political reasons. Trade is primarily a weapon of Communist imperialism, to be expanded or contracted, to be directed here or shifted there, as those at the top determine to be expedient in promoting the world revolution.

A striking illustration was the action of the Chinese Communist regime in exporting millions of tons of rice—even though Chinese people in two famine-stricken provinces were starving—in exchange for rubber from Ceylon at considerably higher than the world market price. Human beings do not count in the Communist world, except as they can be used to further the objectives of the state.

IV

Fewer businessmen in the West would be deceived by Communist trade maneuvers if they understood that the Soviet bloc's representatives are not plain businessmen like themselves, though they often try to act like that. They are representatives of government organizations tightly controlled by their Communist rulers whose purposes are political. This leads inevitably to such difficulties as the following:

First. Spokesmen and negotiators for the Communists frequently make attractive offers and promises but later prove unwilling to sign contracts in accordance with these offers. Such offers are made partly for propaganda purposes with intent to deceive. This was clearly the case at the Moscow Economic Conference in April 1952 when the U. S. S. R. offered to more than triple its billion-dollar trade with the West in 2 or 3 years. A year later, the 1 billion was not up 300 percent, but had dropped about 40 percent.

Second. Communist countries have proved unreliable as markets or sources of supply, even in the short run. Experience in many countries shows that trade contracts may be terminated arbitrarily despite satisfactory performance on the part of Western trade partners. The ups and downs of Communist purchases in the Australian wool market are a case in point. Often this is done systematically; dependence on trade with the Soviet bloc is created, then termination is used as a form of pressure tactic. Last year, when Pakistan appeared to be veering toward the free world, Communist China cut its purchases of Pakistan cotton from approximately $84 million in 1952 to about $7 million in 1953.

Third. Communist planners direct all their economic efforts, including foreign trade, toward self-sufficiency. This is clearly seen in their writings and in actual performance. The U. S. S. R. has the longest history as a Communist country. Its peak trade was in 1929–33. In the late thirties it fell to about half, and the postwar trade volume was still lower, despite the large-scale increases in Soviet total output since 1928. In 1953 the whole bloc—including Communist China—did less than $3 billion of trade with the rest of the world.

A number of writers who take a more optimistic view about trade with Communist China point to continued existence of private industry and trade within that country. But where such does exist, it is only on sufferance of the government and will be extinguished when it has served its purpose. This has never been denied by the Chinese Communist leaders. On the contrary, they have said on numerous occasions that complete nationalization of industries and collectivization of agriculture have to come, but in stages—which means just as fast as they feel themselves strong enough. Why should we help them do it faster?

V

If the ruthless use of trade as a political weapon were not enough to discourage the Western businessman, he should take a long look at the difficulties and disadvantages from a strictly commercial standpoint.

First. Communist countries are afflicted with shortages and production problems and have difficulty supplying exports to pay for the imports they want. Western European countries have found themselves consistently forced to extend credit, to exert pressure to obtain payment, and they may end up by accepting goods they do not want to avoid taking a loss on debts—as the Austrians, for example, have discovered in dealing with Hungary. The London Economist in February reported that Sweden, which has long taken the lead in developing East-West trade, has recently refused to supply the Czechs with more iron ore because of unsatisfactory payments.

Second. Communist export prices tend to be high, and are sometimes raised abruptly to take advantage of a favorable market. Poland, especially, has been noted for such tactics.

Third. Continual complaints about the quality of products from Soviet bloc countries are heard. This is especially true of industrial goods, but also applies to raw materials and foodstuffs. Recent Soviet petroleum shipments to Egypt proved to be so filled with extraneous matter that the costs of its use were greatly increased.

Fourth. Communist countries are noted for poor performance in deliveries

which are often delayed and sometimes never come through. Occasionally delivery has been delayed on purpose to get concessions not included in the original agreement.

Fifth. Communist trade representatives are often hard to deal with. They usually have to consult with their home offices before agreeing to terms, which causes unreasonable stubbornness and long delays. Currently they are under orders to act more conciliatory and friendly than in the past, but there is no slightest evidence that this will last; and it does not prevent bureaucratic rigidity. A shipbuilding firm in Falkenberg, Sweden, was forced into bankruptcy as a result of difficulties encountered in fufilling a Soviet order for 10 fishing boats.

Although trade between China and the outside world was never very large, some optimists profess to believe that the Communists' present 5-year plan will offer great opportunity for profitable trade with the West. But if they will study the plan they will find that the urge for industrialization arises from the determination to improve China's military posture, not the needs of its people.

During 1952 and the first part of 1953 Communist China was overextended in Korea and anxious to sow dissension among the allied powers in order to get more favorable truce terms. So it started its so-called trade offensive.

A good many western traders rushed to Peiping, and others, including some Americans, journeyed to Moscow. But only a few months later when the Communists had managed to extricate themselves from the unprofitable operation in Korea which they could not win, and shifted their efforts to the far more promising field of Indochina, the trade offensive had accomplished much of its obviously diversionary purpose and the glittering prospects of trade with Communist China began to fade.

A British trade organization, the China Association, said in December 1953:

> There is no doubt but that the potentialities have been greatly exaggerated in the public mind, partly as a result of the superficial successes of the various unofficial trade missions which have paid visits to Peiping this year. This overeagerness has unfortunately been reflected in an increasing severity of the terms which China now demands.

Despite all these difficulties, there are those who find it hard to resist the attraction of China as a potential market, because it is proving so difficult for the free world to work out acceptable trade patterns within itself. But the more the free world ties itself to the Soviet orbit, the less likely its members are to move toward greater international trade among themselves, which is the way that offers by far the greater possibilities.

VI

There are two other situations in Asia which we should mention because of the special attractions and weaknesses they present to the Communists. Everyone understands the reasons for the Communist drive into southeast Asia—Indochina, Thailand, Burma, and Malaya. That is where the riches of Asia are—rubber, tin and other metals, oil, and rice surpluses.

But Japan is also a particularly desirable Communist target because of its industrial capacity. It is also particularly vulnerable because of its lack of rice, iron ore, coking coal, oil, and many other essential materials. It simply cannot maintain its solvency or even its independence unless it has access to markets where it can sell its manufactured products in exchange for food supplies and raw materials. The three main areas with which it might conceivably develop such trade relations are: Southeast Asia, the United States, and mainland China. Japan has been unable to regain its former markets in southeast Asia because of popular hostility resulting from Japanese occupation during the war, unsettled reparations accounts, and efforts by European countries, particularly the United Kingdom, to keep Japan out of those markets. Britain needs and wants them for itself—as Stalin predicted would be the case.

Unless the United States is willing to continue underwriting the Japanese economy in an amount approaching a billion dollars a year, or to permit greater Japanese trade with ourselves, Japan has no choice except to expand its trade with Communist China. The latter will not help Japan out of its dire predicament, no matter how profitable the trade would be to China itself, unless Japan is willing to break with the United States. Chou En-lai has just reiterated this demand bluntly at Geneva.

That would give the Soviet bloc, in addition to the gigantic manpower and resources of the China mainland which it already controls, the Japanese workshop, the best in Asia.

The difficulties we face today in trying to check Communist expansion in Indochina are small indeed compared to the problem we will face should Japan's industrial might come under Communist control.

There are no ways to prevent such a disaster except to devise means to keep southeast Asia free, reduce barriers to Japanese trade with the free world, and intensify pressures on Communist China itself until the hold of its tyrannical regime is weakened, loosened, and eventually broken.

The Asia mainland can live without Japan; Japan cannot live indefinitely without the mainland.

Unless ways are found to return China to the free world, Japan must almost certainly wind up in the Communist world.

I am fully aware of the difficulties in returning China to the free world; but any other course presents still greater difficulties.

VII

How then shall we deal with Communist forces on the march in Asia? How can we prevent new conquests and overcome those already accomplished?

There are no easy solutions. But it seems to me we must begin by ending the illusions that have led us into one pitfall after another.

One illusion is that by expanding trade with the Communist bloc we can convert Communists into capitalists. Of all the possibilities this is the least likely. Why should they desert when they are winning?

It is like the woman who imagines the way to reform a brute is to marry him. It never works, but some still try it. If the Communists really want our hand in a workable trade relationship, let them show good intent by reforming first.

A second illusion is that by increasing trade with the Chinese Communists we can detach them from the Russian Communists, or can drive a wedge between Peiping and Moscow, or can make a Tito out of Mao Tse-tung.

But why should Mao move away from the Kremlin if he can have all the advantages of trade with the Western World in addition to those of closest relations with the Soviet bloc? Besides, does anyone believe the hard-headed men in the Kremlin would be moving heaven and earth to get Communist China accepted in respectable society if that would lead or enable China to break with Moscow and thereby wreck its whole world movement?

Mao conceivably might pull away from Moscow if he were compelled to in order to get absolutely essential goods—that is, if he began to lose in China. The first aim of our foreign policy in Asia should be directed to making him lose. The way to do that is to make him fail, not to help him win. The best hope of creating friction between China and the Soviet Union is to keep the Chinese Reds locked in the Russian bear's arms. The nearer they come to smothering, the greater likelihood of their breaking away.

A third illusion we should end is that trade with Communist China can assume the vast proportions some have glowingly predicted, and thus substantially meet the needs of the industrialized countries for larger markets. If the Chinese want to improve their trade relations as some would have you believe, why do they not start correcting the abuses imposed on foreign traders already there? Until they are willing to do the most elementary things necessary for carrying on civilized trade and intercourse, why should we walk into any more blind alleys?

VIII

In addition to determining what policies we should not follow with respect to Communist countries in Asia—because too undependable economically and undesirable politically—we must ask, What are the policies that we ought to adopt and pursue?

It is unfortunate, but inescapable, that since the Communist bloc makes its economic policies completely subservient to its political objectives, we, too, must put political considerations first. At the least, we cannot afford trade policies that defeat our foreign policy.

The immediate objective of our foreign policy in Asia must be to prevent any further gains there by the Kremlin. To achieve that objective:

First. We must recognize that what is at stake in Asia is the peace and possi-

ble survival of the free world, not just its trade.

Second. We must not let the Reds win any more economic victories. That means we must resist resumption of trade with them. If they are not our enemies, why do we draft and arm men to be ready to fight them? If they are our enemies, how can anyone suggest we help them become stronger?

Third. We must not let them win any more diplomatic victories. Admission of Communist China to the United Nations would be the greatest possible diplomatic victory. Free Asia will crumble once it becomes convinced the Communists are going to win. Admission to the U. N. would mean to the peoples of Asia, and should mean to us, that the Reds have already won.

Fourth. We must not let the Communists win any more political victories. For America to intervene alone in Indochina, for example, would enable the Reds to convince millions not that we are helping Asian peoples to defend their own freedom but that we are helping defend French colonialism, which the people who have been under it hate worse than they hate the Communist imperialism which they have not yet been under.

Fifth. We must not let them win any more military victories. This requires that we get at last the Pacific Pact which the Congress called for in 1949—an alliance of the free nations of southeast Asia and the Pacific to resist further Communist expansion. To develop in the Asian peoples now threatened the will to fight as the South Koreans did, they must know it is for their own freedom. They will not believe it is for their freedom unless the alliance has as its nucleus genuinely independent Asian and Pacific nations (of which the United States is one), supported by European powers; rather than a nucleus of the former colonial nations of Europe, to be supported by the people of Asia.

Sixth. On one positive side, we must give greater encouragement and assistance to the free Chinese on Formosa to enable them to maintain a symbol of national freedom and, as a preliminary, to smuggle agents and suitable supplies to the China mainland in order to keep hope alive and to enable the resistance forces to do to the Reds exactly what the Reds did to the Nationalists—destroy communications, isolate the cities, disrupt the economy. That is, when the Chinese Communists are in trouble at home, we must do all we can to keep them in trouble, not help them out of it.

Seventh. We must, above all, do our best to help the free countries of Asia remain free by becoming stronger. The great expansion of trade in Asia which we need, is not to be found in Communist China. It is in the non-Communist areas around China. We must seek to apply there more effectively the same philosophy of an expanding economy and reduced trade barriers which are responsible for America's own huge internal trade. Let us concentrate on expanding the $148 billion of trade last year within the existing free world rather than jeopardize that for the less than $3 billion of trade between the free world and the whole Soviet bloc, including three-quarters of a billion with Communist China.

Eighth. We must always weigh the possible but uncertain economic benefits of trade with Communist tyrannies against the certain political and psychological losses. To build up trade with the Chinese Communists would give enormous benefits to our enemies; it would not bring substantial economic or other benefits to ourselves or our allies in the West; and it would do very great injury to one ally that we generally seem to forget—the ally which, in my book, is the most important of all because the most dependable, and in a position to do the enemy most damage—namely, the nearly eight hundred million oppressed peoples behind the Iron Curtain who know Communist tyranny for what it is and silently resist it. We must not betray their hopes or weaken their resolve or undercut their position by any act that would increase the strength of Communists anywhere.

When there is already such determined opposition behind the Iron Curtain as was demonstrated by the revolt in East Germany last June and by the decision of Communist prisoners of war in Korea to refuse to return even to their homes and families in enslaved China, there is reason for great hope, not despair—if we in the free world will prove steadfast.

In the last analysis the decision we must make on this trade issue is a moral decision. Shall we put our faith for the future in the millions of oppressed peoples? Or in deals with their oppressors?

We cannot win our enemies by letting down our friends and loyal allies. On the contrary, the best way to influence our enemies is to stand steadfastly by our friends, especially those who are already fighting the enemy from within and may make it unnecessary for the rest of us to fight it from without.

If we take the Long Look, there can be no question of the decision we and other free peoples will make.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 232. An act to provide for the conveyance to the State of Indiana of certain surplus real property situated in Marion County, Ind.;

H. R. 2512. An act to amend the act entitled "An act to provide for the purchase of public lands for home and other sites," approved June 1, 1938 (52 Stat. 609), as amended; and

H. R. 6452. An act for the relief of Mrs. Josette L. St. Marie.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. PRICE in two instances.

Mr. BONNER and to include extraneous matter.

Mr. ASPINALL.

Mr. HILLELSON and to include extraneous matter.

Mr. PROUTY.

Mr. CANFIELD (at the request of Mr. ALLEN of Illinois) and to include extraneous matter.

ADJOURNMENT

Mr. ALLEN of Illinois. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 12 minutes p. m.), pursuant to its previous order, the House adjourned until Tuesday, June 1, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1576. A letter from the Secretary of the Air Force, transmitting a draft of legislation entitled "A bill to provide for the relief of certain members of the Armed Forces who were required to pay certain transportation charges covering shipment of their household goods and personal effects upon return from overseas, and for other purposes"; to the Committee on Armed Services.

1577. A letter from the Secretary of State, transmitting a draft of proposed legislation entitled "A bill to authorize certain officers and employees of the Department of State and the Foreign Service to carry firearms"; to the Committee on Foreign Affairs.

1578. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to the following claim: *The Natchez Tribe of Indians, and Wahlanetah Scott, Nancy Raven, members of said tribe of Indians and for the use and benefit of all members of said Natchez Tribe of Indians, claimants, v. The United States of America, claimee* (Docket No. 365); to the Committee on Interior and Insular Affairs.

1579. A letter from the Assistant Secretary of the Interior, transmitting a draft of legislation entitled "A bill to authorize the Secretary of the Interior to investigate and report to the Congress on the conservation, development, and utilization of the water resources of Alaska"; to the Committee on Interior and Insular Affairs.

1580. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 26, 1953, submitting a report, together with accompanying papers and an illustration, on a review of reports on Neah Bay, Wash., with a view to determining if the existing project should be modified in any way at this time; also with a view to determining the amount of erosion damage caused by the construction of the breakwater and the advisability of making reparations therefor. This investigation was requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on June 7, 1945 (H. Doc. No. 404); to the Committee on Public Works, and ordered to be printed with illustrations.

1581. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 28, 1954, submitting a report, together with accompanying papers and an illustration, on a review of report on Fall River Harbor, Mass., requested by a resolution of the

Committee on Public Works, House of Representatives, adopted on July 6, 1949 (H. Doc. No. 405); to the Committee on Public Works and ordered to be printed with one illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 9020. A bill to provide increases in the monthly rates of compensation and pension payable to certain veterans and their dependents; with amendment (Rept. No. 1685). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOEVEN: Committee on Agriculture. S. 1399. An act to authorize the Secretary of Agriculture to sell certain improvements on national forest land in Arizona to the Salt River Valley Water Users Association, and for other purposes; with amendment (Rept. No. 1686). Referred to the Committee of the Whole House on the State of the Union.

Mr. HILL: Committee on Agriculture. S. 3050. An act to amend the Agricultural Adjustment Act of 1938, as amended; without amendment (Rept. No. 1687). Referred to the Committee of the Whole House on the State of the Union.

Mr. HILLINGS: Committee on the Judiciary. H. R. 6113. A bill to amend title 18 of the United States Code, so as to increase the penalties applicable to the smuggling of goods into the United States; without amendment (Rept. No. 1688). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 8386. A bill to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes; with amendment (Rept. No. 1689). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN of Michigan: Committee on Government Operations. H. R. 8753. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the Administrator to report the unauthorized use of Government motor vehicles, and to authorize the United States Civil Service Commission to regulate operators of Government-owned motor vehicles, and for other purposes; with amendment (Rept. No. 1690). Referred to the Committee of the Whole House on the State of the Union.

Mr. HILLINGS: Committee on the Judiciary. H. R. 8008. A bill to amend the act of January 12, 1951, as amended, to continue in effect the provisions of title II of the First War Powers Act, 1941; with amendment (Rept. No. 1691). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOEVEN: Committee on Agriculture. House Joint Resolution 458. Joint resolution to authorize and direct the Secretary of Agriculture to quitclaim retained rights in a certain tract of land to the Board of Education of Irwin County, Ga., and for other purposes; without amendment (Rept. No. 1692). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONAS of Illinois: Committee on the Judiciary. House Joint Resolution 243. Joint resolution to amend the pledge of allegiance to the flag of the United States of America; with amendment (Rept. No. 1693). Referred to the House Calendar.

Mr. VELDE: Committee on Un-American Activities. Report on organized communism in the United States; without amendment (Rept. No. 1694). Referred to the Committee of the Whole House on the State of the Union.

Mrs. BOLTON and Mr. RICHARDS: Committee on Foreign Affairs. Report of the eighth session of the Seventh General Assembly pursuant to House Resolution 113, 83d Congress; without amendment (Rept. No. 1695). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. H. R. 9366. A bill to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes; without amendment (Rept. No 1698). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOEVEN: Committee on Agriculture. S. 1400. An act to permit the Secretary of Agriculture to release the reversionary rights of the United States in and to a tract of land located in Wake County, N. C.; without amendment (Rept. No. 1696). Referred to the Committee of the Whole House.

Mr. HOEVEN: Committee on Agriculture. H. R. 6263. A bill to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska; with amendment (Rept. No. 1697). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. REED of New York:

H. R. 9366. A bill to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes; to the Committee on Ways and Means.

By Mr. BISHOP:

H. R. 9367. A bill to amend the Tariff Act of 1930 so as to provide a permanent procedure for adjustment of tariff rates on a selective basis, to regulate the flow of imported articles on a basis of fair competition with domestic articles, and for other purposes; to the Committee on Ways and Means.

By Mr. CUNNINGHAM:

H. R. 9368. A bill to direct the Secretary of the Army to convey certain property located in Polk County, Iowa, and described as Camp Dodge, to the State of Iowa; to the Committee on Armed Services.

By Mr. DORN of South Carolina:

H. R. 9369. A bill to amend the Tariff Act of 1930 so as to provide a permanent procedure for adjustment of tariff rates on a selective basis, to regulate the flow of imported articles on a basis of fair competition with domestic articles, and for other purposes; to the Committee on Ways and Means.

By Mr. EDMONDSON:

H. R. 9370. A bill granting the consent of Congress to the States of Arkansas and Oklahoma to negotiate and enter into a compact relating to their interests in, and the apportionment of, the waters of the Arkansas River and its tributaries as they affect such States; to the Committee on Public Works.

By Mr. HALE:

H. R. 9371. A bill to repeal section 10 of the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes," approved June 30, 1936 (the so-called Walsh-Healey Act); to the Committee on the Judiciary.

H. R. 9372. A bill to increase the national minimum wage to $1 an hour; to the Committee on Education and Labor.

By Mr. HARRIS:

H. R. 9373. A bill to provide for Federal financial assistance to the States in the construction of public elementary and secondary school facilities, and for other purposes; to the Committee on Education and Labor.

By Mr. KARSTEN of Missouri:

H. R. 9374. A bill authorizing the construction of certain public works on the Mississippi River for the protection of St. Louis, Mo.; to the Committee on Public Works.

By Mr. KEARNS:

H. R. 9375. A bill to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools and other institutions; to the Committee on the District of Columbia.

By Mr. OSMERS:

H. R. 9376. A bill to exempt from duty under paragraph 372 of the Tariff Act of 1930 certain crawler-type diesel tractors imported into Puerto Rico for agricultural use; to the Committee on Ways and Means.

By Mr. SHORT:

H. R. 9377. A bill to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services; to the Committee on Armed Services.

By Mrs. SULLIVAN:

H. R. 9378. A bill authorizing the construction of certain public works on the Mississippi River for the protection of St. Louis, Mo.; to the Committee on Public Works.

By Mr. TRIMBLE:

H. R. 9379. A bill granting the consent of Congress to the States of Arkansas and Oklahoma, to negotiate and enter into a compact relating to their interests in, and the apportionment of, the waters of the Arkansas River and its tributaries as they affect such States; to the Committee on Public Works.

By Mr. CELLER:

H. Res. 563. Resolution providing for a code of fair procedure for House committees; to the Committee on Rules.

By Mr. HOWELL:

H. Res. 564. Resolution providing for a code of fair procedure for the committees of the House of Representatives; to the Committee on Rules.

By Mr. RHODES of Pennsylvania:

H. Res. 565. Resolution providing for a code of fair committee procedure; to the Committee on Rules.

By Mr. ROOSEVELT:

H. Res. 566. Resolution providing for a code of fair procedure for the committees of the House of Representatives; to the Committee on Rules.

By Mr. YATES:

H. Res. 567. Resolution providing for a code of fair procedure for committees of the House of Representatives; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. HESELTON: Resolutions of the General Court of the Commonwealth of Massachusetts, memorializing the Congress of the United States in favor of the adoption of the resolutions to add the words "under God" to the pledge of allegiance to the flag; to the Committee on the Judiciary.

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, relative to memorializing the Congress of the United States in favor of the adoption of the resolution to add the words "under God" to the pledge of allegiance to the flag; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States relative to joint resolution No. 6 with regard to returning to the State of New Jersey and other States sufficient moneys for the administration of employment security; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Virginia, memorializing the President and the Congress of the United States relative to transmitting certified copies of the interstate civil defense compacts between the Commonwealth of Virginia and the States of Colorado, Ohio, Texas, and West Virginia; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLEY:

H. R. 9380. A bill for the relief of Nazzarena Giannantoni, nee Nazzarena Sabatini, also known as Nazzacena Sabatini; Anna Sabatini Nazzarena Giannantonio Sabatini; Giannantoni Nazzarena; Nazzarena Giannantonio; to the Committee on the Judiciary.

H. R. 9381. A bill for the relief of Nisan Sarkis Giritliyan; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 9382. A bill for the relief of Giuseppe Amato; to the Committee on the Judiciary.

By Mr. MACHROWICZ:

H. R. 9383. A bill for the relief of George S. Zambrzycki; to the Committee on the Judiciary.

By Mr. ROONEY:

H. R. 9384. A bill for the relief of Kieran Patrick Kenny; to the Committee on the Judiciary.

By Mr. YORTY:

H. R. 9385. A bill for the relief of Ka Tim Lee, Veng Tang Wong Lee, and William Cleveland Lee; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

953. By Mr. ADAIR: Petition of the members of Women's Society of World Service of Evangelical United Brethren Church and Christian Service Guild of Kendallville, Ind., expressing a deep concern for the right TV programs, and protesting the liquor, drinking, and smoking advertisements; also the degrading scenes in many an otherwise fine program. Also would like action taken on scanty attire worn on many programs. Urge support of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

954. Also, petition of the people of Steuben County, Ind., want beer and wine advertising off radio and TV because of its evil influence on our children and others. Urge support of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

955. Also, petition of Mrs. Otis Starr and other citizens of Poneto, Bluffton, and Keystone, Ind., urging the passage of the Bryson bill; to the Committee on Interstate and Foreign Commerce.

956. By Mr. BEAMER: Petition of Teamsters' Local Union, No. 759, Kokomo, Ind., and Joint Council No. 69 of Indiana, urging recognition of the trucking industry as a prime hauler of United States mails on a par with other forms of transportation; to the Committee on Post Office and Civil Service.

957. By Mr. FORAND: Petition of Charles H. Fitzsimmons of Newport, R. I., and 61 others urging enactment of the bill, H. R. 8863, to amend Civil Service Retirement Act so as to provide for employees of the executive and judicial branches of the Government benefits similar to those employees of the legislative branch; to the Committee on Post Office and Civil Service.

958. By Mr. HESELTON: Petition of Mrs. Hazel Bellefeuille and others of Greenfield, Mass., in support of H. R. 1227, the so-called Bryson bill; to the Committee on Interstate and Foreign Commerce.

959. By the SPEAKER: Petition of John J. Basak and others, Richmond Hill, N. Y., relative to being in support of House Joint Resolution 243, to incorporate the words "under God" in the pledge of allegiance to the flag of the United States; to the Committee on the Judiciary.

960. By Mr. GRAHAM: Petition of members of the Perry S. Gaston Post, No. 343, American Legion of New Castle, Pa.; opposing the policy adopted by the Department of Defense in closing the files of some of the prisoners of war taken by the North Korean Communists; to the Committee on Armed Services.

961. Also, petition of 49 members of the Wurtemburg WCTU, deploring the advertising of alcoholic beverages on radio and television, where it can be seen and heard by our children and in the magazines and daily papers, where it is read by our children; to the Committee on Interstate and Foreign Commerce.

962. By Mr. HOSMER: Petition of Mrs. Anna C. LaMothe and other constituents of the 18th Congressional District of California in re restoration of rights and privileges of the Armed Forces and their dependents; to the Committee on Armed Services.

963. Also, petition of Mrs. Dorothy M. Lynn and other residents of California in re rights and privileges of the Armed Forces and their dependents; to the Committee on Armed Services.

EXTENSIONS OF REMARKS

"Bennington" Heroism

EXTENSION OF REMARKS

OF

HON. WINSTON L. PROUTY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Friday, May 28, 1954

Mr. PROUTY. Mr. Speaker, all of America received with profound shock the news reports of the tragedy aboard the aircraft carrier *Bennington*. The carrier named for a historic battle of the Revolution won by Green Mountain farmers has a special place in the hearts of us Vermonters, and we find the courage of the carrier crew reminiscent of the spirit of the patriots at Bennington so many years ago.

How appropriate at this time to ask ourselves anew:

How much will a man endure for an ideal?

How long will he lie side by side with death and not know fear?

These questions were answered in 1777 when a raggle-taggle band of Vermont farmers led by Gen. John Stark defeated the British troops fighting to capture supplies at Bennington, Vt. Facing almost certain disaster, the Vermont woodsmen, ill-equipped for battle, gave America a victory which made possible the triumph for independence at Saratoga. Every schoolboy knows the word "Bennington" as a symbol of courage and faith in the higher aspirations of mankind.

How much will a man endure for an ideal?

How long will he lie side by side with death and not know fear?

Only yesterday these questions were answered for us again as explosions and fire aboard the aircraft carrier *Bennington* wrenched life from nearly 100 men and inflicted injury on many more. From the first explosion until the last man left the ship, the men of the *Bennington* fought through smoke, flames, and red-hot steel to rescue their comrades.

Man's love for man was never more nobly demonstrated when crew members groped their way through deadly fumes, across passages choked with twisted steel, to find the wounded. Lieutenant Gage, an officer of the *Bennington*, reporting for the rescue parties, said: "We were able to get to all of the men. After we had taken out all we could find, we checked to see that nobody had been overlooked."

Bennington, a name ennobled by the courage of Vermonters during the Revolution, was given a new luster by the officers and men of the carrier *Bennington*.

Vermont holds out its heart to the families of those who lost their lives in yesterday's fateful accident, and most especially to the family of Lt. Cyron M. Barber, of Bennington, and Chief Warrant Officer Stanley L. Capistrand, of Burlington.

How much will a man endure for an ideal?

How long will he lie side by side with death and not know fear?

The Bennington men of 1777 and 1954 knew the answers to these questions, and all who pass by the tall gray stone shaft in Bennington will be aware of the double meaning which the battle monument there shall forever possess.

Proposed Transfer of Army Procurement Agency From New York to Philadelphia

EXTENSION OF REMARKS
OF
HON. HERBERT C. BONNER
OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. BONNER. Mr. Speaker, I have been interested in the battle that has been raging between the delegations from New York and Philadelphia over the proposed transfer of the Army procurement establishment from New York to Philadelphia. The transfer means the expenditure of a great sum of money, the disruption of the homes of 1,200 families and the removal of a purchasing office from the center of the textile industry.

The important matter that is involved has not been brought to the attention of Congress. In 1945 the Secretaries of the Army and Navy placed their procurement agencies together in one building in New York as a physical move toward necessary integration. The war experience had shown that the two Departments were consistently buying against each other and that taxpayers were losing millions of dollars through the inefficiencies that resulted.

In the spring of 1951 the so-called Bonner committee visited the purchasing offices in New York and found that while they were together in the same building, they were working in a very ununited way or as they termed it on a "collaborative" basis. As a result of our hearings in 1951 and again in 1952 and the work of the Hébert committee, the Department of Defense established a joint clothing, textile, and apparel agency in New York. This was intended as a further move toward integration. It should be recalled that the Department of Defense, through the Munitions Board, had been working for several years to establish a single procurement agency for these materials, but after years of wrangling, a joint agency was established. This agency never really got started and, of course, accomplished very little. I have been reliably advised that the agency failed to standardize on specifications for clothing items which our committee found were badly needed. We had found that each service had its bakers' caps, aprons, underwear, socks, and so forth, and that great savings could have been made in standardizing on specifications as well as standardizing in procurement.

Last year the armed services were successful in getting the Senate Appropriation Committee to declare that the Joint Procurement Agency had been unsuccessful and funds were denied for its further existence. The move now under foot will be a complete undoing of the work toward integration that has been underway since 1945.

I want to call your attention, Mr. Speaker, to some of the stakes that are involved in the procurement and distribution of clothing in the military service. On February 5, 1954, the Honorable Harold Pearson, Deputy Under Secretary of the Army, and one of the most enlightened and fearless officials that we ever met in the Department of Defense, testified before the House Subcommittee on Appropriations with respect to the fiscal year 1955 program of the Army. On page 207 of the hearings Mr. Pearson indicated that they had the objective in the Army of reducing the $1,045,000,000 clothing inventory of the Army to $200 million. Mr. Pearson then stated, and I quote:

> Now I puzzled a great deal how I could illustrate the physical effect of an $845 million reduction in inventory. It is just a number when it gets up that high. But it still has physical dimensions. Finally, we stumbled upon an idea, and have brought along for discussion here an aerial photograph of the Richmond, Va., depot.
>
> This is the largest branch depot in the Army, and the Army's second largest depot, the only larger one being a general depot at Columbus. It has some 30-odd immense warehouse and shed buildings in the area containing over 5 million square feet, and housed at June 1 of this year $473 million worth of merchandise. In other words, we are talking about accomplishing in one line of merchandise in the Army inventory—and this is a fully coordinated Army picture—an inventory liquidation almost twice as great as the total contents of this jammed-to-the-rafters Richmond, Va., depot. This is just one line of merchandise that we are talking about.

In other words, Mr. Speaker, the surplus clothing in the Army alone would fill two depots of 60 or more warehouses containing over 10 million square feet of space. I might remind you that such space is worth $8 or $10 a foot and that it takes hundreds of people to supervise and manage such a depot system. It should be borne in mind that Mr. Pearson was speaking only about one class of items in one of the three departments.

Further in his testimony Mr. Pearson stated, and I quote:

> I have expressed for the past 2 years the consistent belief that the Army, with good supply management and timely disposal of surplus stocks, could mothball 20 of its existing 73 depots.

He states further, and I quote:

> We have built $300 million worth of depots in the United States during the 3 years of Korean action. Improved supply management could close every one we have built.

Mr. Speaker, this is only a partial picture of the inefficiencies in the supply systems of the Department of Defense. Many people have investigated and reported upon this situation for years. When we consider that two-thirds of all the tax dollars are going into the support of the Department of Defense and we have such waste and ineffectiveness as is here indicated by a responsible official, the time has certainly come when we should take definite action.

The testimony of Mr. Pearson and others shows that the services do not know what they have on hand before they go into the market separately to buy more. Unneeded supplies are bought and added to existing surpluses. Items are not standardized so several kinds are bought when one would do. The depot systems are not large enough to hold all the material so hundreds of millions of dollars worth of new unneeded depots are built to store material which later is declared surplus and sold for 5 or 6 cents on the dollar.

I have noted in the CONGRESSIONAL RECORD of May 25 that Senators LEHMAN and KENNEDY have proposed an amendment to forbid the use of any money for the transfer of the Army Procurement Agency from New York to Philadelphia. Since the House has failed to act on this matter, I have under consideration the introduction of a House concurrent resolution which would prevent the transfer of the Army Procurement Agency until the Hoover Commission has had an opportunity to study thoroughly the sorry procurement, specifications, standards, cataloging, warehousing and distribution of clothing in the military services. Mr. Speaker, the matter is of such importance that I hope and expect that every Member of this body will support such a resolution.

I want to add two encouraging notes, Mr. Speaker. First, the Army and Marine Corps are, as a result of the work of the Harden subcommittee, studying to see if they should close their clothing manufacturing plants at Philadelphia. Reports are due in early August and this is another reason for not moving the Army Procurement Office. The second encouraging point is that Harold Pearson became the Assistant Director of the Budget on May 1 where he can exercise his talents and courage to great advantage.

Testimony Regarding the George-Barden Appropriations for Vocational Education

EXTENSION OF REMARKS
OF
HON. JEFFREY P. HILLELSON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. HILLELSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following testimony given by me before the Appropriations Subcommittee on Health, Education, and Welfare concerning the George-Barden appropriations for vocational education:

> Mr. Chairman and members of the committee, I appreciate the opportunity to appear here today in order to give the facts concerning my State of Missouri in relation to appropriations that are necessary for the continued work of vocational education. Following are some of the facts which I should like to call to your attention:

1. The 2-year drought has reduced the income of people in rural Missouri and for this reason it is difficult for them to pay additional school taxes.

2. Because the Governor vetoed a supplementary appropriation of $9½ million for the schools, State funds to operate school programs are already critically short. If Federal funds are curtailed, this will make the general school situation even worse.

3. The program of reorganization of school districts, leading to larger school service areas and hence better school facilities for all the children, is continuing in the State at a rapid rate. About the first demand which a reorganized district makes on the State Department of Education is for the allocation of State and Federal funds for vocational programs. In an effort to comply with these requests, reimbursements to local schools have been progressively reduced over the years, resulting in the reduction of teachers' salaries and the loss of vocational teachers.

4. Each year finds a larger number of youth in our public schools and one of their chief interests, and that of their parents, is in vocational education through which they can prepare to earn a living when they enter the world of work.

5. Many business and industrial establishments are calling on the schools to expand their programs of adult education. In order to meet this need and those explained above, we shall need more George-Barden funds, not less.

During the postwar years vocational education has been neglected in a way, in favor of expenditures for defense and foreign aid. While the George-Barden Act of 1946 authorizes an expenditure of over $29 million for vocation education Congress has always appropriated less, leaving the schools short by several million dollars.

I hope that the committee will see fit to recommend appropriations for the full amount this year.

Armenian Independence Anniversary

EXTENSION OF REMARKS
OF
HON. MELVIN PRICE
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. PRICE. Mr. Speaker, on every May 28 Armenians who today live outside of their fatherland in democratic countries celebrate the independence of Armenia, which was established in 1918.

On March 3, 1918, Soviet Russia signed the treaty of peace with Germany and Turkey at Brest-Litovsk, and ceded to Turkey not only the provinces of Turkish Armenia occupied by the Russian forces but also the region of Kars and Ardahan in Russian Armenia.

Turkey, taking full advantage of the absence of the Russian Army, began its invasion of the Caucasus with larger forces. Since more than 200,000 Armenians had already been taken into central Russia during the war to fight against the Germans, the Armenians were able to raise only a small army and yet fought valiantly against the Turkish Army. Their heroic stand at last rewarded them with decisive victories. Thus, the Independent Republic of Armenia was established on May 28, 1918.

A democratic government was established in Armenia with a parliament and executive cabinet. During this crucial period, Armenia was constantly and generously helped by the United States which sent food, clothing, medical supplies, and had several benevolent missions operating in Armenia.

The legislative, executive, and judicial organs were established and were soon functioning smoothly and efficiently. Over 1,500 schools and colleges were opened throughout the land. Housing and irrigation projects were effected. Hospitals, churches, theaters were built.

On August 10, 1920, at Sevres, France, a treaty was signed by the Western Allies, the envoys of the Republic of Armenia and Turkey. This treaty, which has since been known as the Sevres Treaty, meant the official recognition of the Republic of Armenia by the Allies and Turkey and provided that the settlement of the Armeno-Turkish boundaries be left up to President Woodrow Wilson. President Wilson delimited the Armenian boundaries on November 22, 1920.

But all hopes of freedom were smashed when the Red army invaded Armenia and subdued the young republic on December 2, 1920. A heroic stand was made after the occupation in the month of February 1921. Under overwhelming military odds the republic fell and has since been under the Soviet yoke as one of the so-called 16 independent republics that form the present Soviet Union.

Armenia is today once more under Soviet oppression. The people of Armenia are forbidden with the threat of death to celebrate the anniversary of their national independence day, May 28. However, the Armenians of Diaspora continue to celebrate this historic day every year, confident that the United States will emerge victorious out of the present world struggle for freedom, and that this victory will enable Armenia to regain her independence and see the realization of her just claims.

The Flammable-Fabrics Law

EXTENSION OF REMARKS
OF
HON. GORDON CANFIELD
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. CANFIELD. Mr. Speaker, the Legislative Daily of the Chamber of Commerce of the United States today reports as follows:

FLAMMABLES

The Federal Trade Commission issued some technical rules to implement the new flammable-fabrics law which becomes effective July 1.

The rules, and the law, are designed to keep off the market highly flammable and dangerous articles of wearing apparel.

FTC Chairman Edward F. Howrey said the rules will carry out the intent of Congress to protect the public but the industry will be able to live with them.

Howrey cautioned the public that the new rules do not mean that all wearing apparel must be fireproof, flameproof, or even fire resistant. He explained that the law merely forbids the sale of fabrics which are especially hazardous.

Under the caption, "Teacher Dies of Burns from Flaming Negligee," the Associated Press carried the following story, datelined Baltimore, May 29:

TEACHER DIES OF BURNS FROM FLAMING NEGLIGEE

BALTIMORE, May 29.—Miss Flora Corey, 52-year-old teacher whose negligee caught fire and engulfed her in flames Thursday, died today at Mercy Hospital.

Police found a freshly lighted cigarette and a lighter in the apartment.

A night watchman, attracted by her screams, found her standing in the doorway of her apartment, her clothing ablaze. He smothered the flames with a coat but the woman suffered second- and third-degree burns over her entire body.

As one of the sponsors of the Flammable Fabrics Act of 1953, which will go into effect next month, I am disturbed no end over current efforts that are being made to weaken the standards set up in the act after years of painstaking study by the National Bureau of Standards in cooperation with industry. And now I learn that a national organization of importers is contending that the effective date of this protective act should be postponed for 1 year because some businessmen have heavy inventories of these goods which will be regarded as highly flammable under the terms of the act.

I firmly believe the new law will save thousands of our American people both young and old, from serious and even fatal injuries if given a chance and I shall continue to resist all efforts to weaken the law or postpone its operation.

H. R. 9430

EXTENSION OF REMARKS
OF
HON. WAYNE N. ASPINALL
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. ASPINALL. Mr. Speaker, I wish at this time to add my name to the roll of those Members who joined with our able and forward-looking colleague, AIME J. FORAND, of Rhode Island, in introducing H. R. 9430. This bill, to provide for unemployment reinsurance grants to the States and to revise, extend and improve the unemployment insurance program, has been introduced to meet a pressing need in revitalizing this established program so that it can continue to fill its place in our antidepression program.

Careful analysts of our social and economic structure have come to agree that this program is a most worthwhile built-in stabilizer in our kit of tools to meet periods of slack in our great free economic system. The virtue of this program is its very anticyclical and automatic operation. When the level of operation is high and employment rolls

are full, a balance is diverted into this fund for unemployment relief. When, on the contrary as things are now and the level of operation slacks off, then this reserve purchasing power returns to the economy in the form of sustaining purchasing power until the slack can be taken up in the employment situation.

However, with the passage of time and changes in the economic scene and in the general price level, it is now necessary to make certain adjustments in this program and I am happy to join in this effort to see these necessary changes adopted by the Congress.

Reds Violate Korean Truce

EXTENSION OF REMARKS
OF
HON. MELVIN PRICE
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, May 28, 1954

Mr. PRICE. Mr. Speaker, recent reports indicate the strong possibility that the Free World Allies in Korea are furnishing the Communists with vital military information while getting little or none in return.

While the Allies, including the United States, are trying to live up to the terms of the Korean Armistice, the Communists on the Neutral Nations Supervisory Commission are not allowing investigation of 40 United States charges of armistice violations.

Is it possible that the reason for the Communist violation of the terms of the truce is that they are building up their troop and air strength in North Korea? The answer seems obvious. In the words of an editorial in the East St. Louis (Ill.) Journal:

> Until the Communists in North Korea * * * are ready to play the game of military inspection honestly, it is foolish to continue to provide vital information to the Commission.

I include in the RECORD the full editorial from the East St. Louis Journal of May 23, 1954:

REDS VIOLATE TRUCE

Today in Korea the United Nations is acting in good faith by living up to the terms of the armistice while the Communists violate the truce continually.

The American Eighth Army recently said as much in providing the Neutral Nations Supervisory Commission with daily reports of the amount of equipment and the number of troops in Korea.

Compare this with the Communist behavior. The two neutral nations on the Commission—Sweden and Switzerland—recently have charged that the Communist members of the group—Czechoslovakia and Poland—are blocking inspections in North Korea.

This means that the Communist members of the Commission are blocking the investigation of 40 American charges of specific armistice violations—troops and air buildup in North Korea.

Thus the truce-inspection system is working south of the 38th parallel, but not in North Korea.

Why then should the Allies report that 47,321 troops have been pulled out of South Korea since the truce was signed 9 months ago? Or, why should the Reds know that the United Nations has 400 fewer combat planes and 500 fewer tanks in South Korea today?

Why should the Allies give the neutral commission any military information—information that goes directly to the North Koreans and Chinese Communists by way of the Czechs and Poles?

Until the Communists in North Korea and on the Neutral Nations Commission are ready to play the game of military inspection honestly, it is foolish to continue to provide vital information to the Commission.

SENATE

TUESDAY, JUNE 1, 1954

(Legislative day of Thursday, May 13, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, unto the hills of Thy grace and glory we lift the expectant eyes of our faith, for from Thee, who art our refuge and strength, our help cometh. Thou hast cast our lot in testing days, when Thou art sifting out the souls of men before Thy judgment seat. As we hush our thoughts to stillness we would school our spirits in sincerity and truth, as we wait before Thee who knowest the secrets of our hearts.

We pause at this wayside altar, not just to bow our spirits in a passing gesture of devotion and then go on our busy way with lives empty of Thee; rather, we come to ask Thy presence and Thy guidance as this day we face the stress of decisions, the strain of toil, the weight of burdens, and the call of duty. Despite the brutalities of man, keep love's banners floating o'er us as we march breast forward in the fight twixt the darkness and the light, keeping step in the ranks of those who do justly, love mercy, and walk humbly with their God. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Friday, May 28, 1954, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 8367) making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DAVIS of Wisconsin, Mr. HAND, Mr. CEDERBERG, Mr. TABER, Mr. CANNON, Mr. RABAUT, and Mr. RILEY were appointed managers on the part of the House at the conference.

LEAVE OF ABSENCE

On request of Mr. JOHNSON of Texas, and by unanimous consent, Mr. MCCARRAN was excused from attending the sessions of the Senate this week.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that following a quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

ORDER FOR CALL OF THE CALENDAR

Mr. KNOWLAND. Mr. President, I ask unanimous consent that following the morning hour and a brief executive session there may be a call of the calendar for the consideration of bills to which there is no objection, beginning at the point where the Senate left off at the last call of the calendar, with the addition of Calendar No. 1152, a bill (S. 42) to provide for attorneys' liens in proceedings before the court or other departments and agencies of the United States, and Calendar No. 1179, a bill (H. R. 887) for the relief of Mr. and Mrs. Edward Levandoski.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT OF UNITED STATES SOLDIERS' HOME

A letter from the Secretary of the Army, transmitting, pursuant to law, a report of the United States Soldiers' Home, for the fiscal year 1953, together with a copy of the report of annual inspection, 1953 (with accompanying papers); to the Committee on the Armed Services.

REPORT OF COOPERATION WITH MEXICO IN CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Acting Secretary of Agriculture, transmitting, pursuant to law, a confidential report on the cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease for the month of March, 1954 (with an ac-